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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
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3 UNITED STATES OF AMERICA,

4 v.

S4 15 Cr. 867 RMB

5 MEHMET HAKAN ATILLA,

6 Defendant.

7 -----x  
8  
9 December 12, 2017  
10 9:15 a.m.  
11  
12 Before:  
13 HON. RICHARD M. BERMAN,  
14 District Judge  
15 and a jury  
16  
17 APPEARANCES  
18 JOON H. KIM,  
19 United States Attorney for the  
Southern District of New York  
20 MICHAEL D. LOCKARD,  
SIDHARDHA KAMARAJU,  
DAVID W. DENTON, JR.,  
DEAN C. SOVOLOS,  
Assistant United States Attorneys  
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2 (APPEARANCES Continued)

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BY: VICTOR J. ROCCO, Esq.  
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- and -  
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BY: JOSHUA LEWIS DRATEL, Esq.  
Of counsel

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Also Present:

JENNIFER McREYNOLDS, Special Agent FBI  
MICHAEL CHANG-FRIEDEN, Paralegal Specialist USAO  
MS. ASIYE KAY, Turkish Interpreter  
MS. SEYHAN SIRTALAN, Turkish Interpreter  
MR. BULENT BULUT, Turkish Interpreter

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1 (In open court; jury present)

2 THE COURT: We're going out of turn and have a next  
3 government witness, Mr. Szubin.

4 MR. DENTON: Your Honor, the United States calls Adam  
5 Szubin.

6 THE DEPUTY CLERK: Sir, if you could step up to the  
7 witness stand, remain standing for a moment, and then raise  
8 your right hand, please. Thank you.

9 Do you solemnly swear that the testimony that you  
10 shall give this court and jury in this issue now on trial shall  
11 be truth, the whole truth, and nothing but the truth, so help  
12 you God?

13 THE WITNESS: I do so swear or affirm.

14 THE DEPUTY CLERK: Could you state your name for the  
15 record.

16 THE WITNESS: Adam Szubin. S-Z-U-B-I-N.

17 ADAM SZUBIN,

18 called as a witness by the Government,

19 having been duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 BY MR. DENTON:

22 Q. Good morning, Mr. Szubin.

23 A. Good morning.

24 Q. Where do you work?

25 A. I am a professor at Johns Hopkins School of Advanced

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1 International studies, and I'm of counsel part-time at a law  
2 firm, Sullivan & Cromwell.

3 Q. How long have you been doing those jobs?

4 A. Since May of this year.

5 Q. Where did you work before that?

6 A. At the U.S. Treasury Department.

7 Q. What did you most recently do at the Treasury Department?

8 A. Most recently I was the acting secretary of the Treasury  
9 Department just for a few weeks until Secretary Mnuchin was  
10 confirmed.

11 Before that I was the acting undersecretary overseeing  
12 the Office of Terrorism and Financial Intelligence for about  
13 two years.

14 Q. So approximately when did you start your service as the  
15 acting undersecretary supervising the Office of Terrorism and  
16 Financial Intelligence?

17 A. It would have been about February of 2015.

18 Q. Did you work at the Treasury Department before you began in  
19 that position?

20 A. Yes, sir.

21 Q. Where did you work at the Treasury Department before 2015?

22 A. For nine years I was the director of the Office of Foreign  
23 Assets Control, or as it's often known, OFAC. Before that I  
24 was a senior advisor to the former undersecretary for TFI.

25 Q. Could you describe some of your general duties and

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1 responsibilities as the director of the Office of Foreign  
2 Assets Control.

3 A. Sure. That's the office at Treasury that is charged with  
4 administering U.S. economic and financial sanctions. So, our  
5 job would be to help advise on the formulation of new  
6 sanctions, to issue the regulations that set out what the  
7 requirements of sanctions are, to help draft executive orders  
8 for the president when it came to sanctions, and then all of  
9 the nuts and bolts on implementing sanctions, such as enforcing  
10 civil penalties, issuing licenses, and designating those who  
11 were viewed as a threat to U.S. national security or foreign  
12 policy interests.

13 Q. During your tenure as the director of the Office of Foreign  
14 Assets Control, was there a particular country that was a  
15 particular focus of economic sanctions that you worked on?

16 A. Yes. Iran, probably more than any other country, was what  
17 I spent my time on.

18 Q. Broadly speaking, what were the economic sanctions on Iran  
19 during your tenure designed to do?

20 A. They had a number of goals. Obviously, even when I arrived  
21 at Treasury in 2004, Iran was already under sanctions because  
22 of its state sponsorship of terrorism. But in the period from  
23 2005, especially late 2005 forward, there was an intense focus  
24 and concern in the U.S. government about Iran's growing nuclear  
25 program. And there were a number of other concerns to the

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1 development, obviously, of longer range missile programs, their  
2 continued sponsorship of terrorism groups like Hezbollah, human  
3 rights abuses at one point obtained its own executive order and  
4 its own sanctions, and regional intervention as we've seen in  
5 places like Bahrain and Syria.

6 But the point of our concern, the biggest concern from  
7 2006 forward, was that Iran not develop a military nuclear  
8 program.

9 Q. How were economic sanctions supposed to help address those  
10 concerns?

11 A. The intent is to put a thumb on the scale of Iran's  
12 decision-making calculus, and sometimes a very heavy thumb in  
13 order to influence their behavior. Ideally, it's a way of  
14 bringing a country to the negotiating table to pursue a  
15 diplomatic resolution to concerns that our government had.

16 Q. From a more granular perspective, what is the mechanism by  
17 which economic --

18 THE COURT: Could I ask you both to slow down a little  
19 bit to make it easier to interpret.

20 MR. DENTON: Of course, your Honor. I'm sorry.

21 Q. From a more granular level, what is the mechanism by which  
22 economic sanctions seek to exert that pressure?

23 A. There are a number of sort of points of leverage that we  
24 try to use or that the Treasury Department, the U.S.  
25 government, tries to use when it comes to sanctions to apply

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1 that kind of pressure. It can be through banking sanctions, it  
2 can be through trade sanctions, it can be through investment  
3 sanctions.

4           But, the idea is to put pressure on, first, bad  
5 actors, those who might be helping Iran try to obtain illicit  
6 materials, or longer range missiles or nuclear weapons parts.  
7 But also, as the program grew, to put pressure on the Iranian  
8 government and its sources of revenue, so that it would see  
9 very substantial costs to continuing to ignore the  
10 international community when it came to its nuclear program.

11 Q. You just referred to the program growing. Did the economic  
12 sanctions on Iran change during the time period that you were  
13 the director of OFAC?

14 A. Yes. Quite a bit.

15 Q. Broadly speaking, how did they change?

16 A. So, from that period I was mentioning earlier, 2006  
17 forward, there was a steady escalation in sanctions, both from  
18 the U.S. and I would add the U.N. Security Council also issued  
19 a series of escalating sanctions against Iran. This was an  
20 international concern. And the European Union and other  
21 countries did as well.

22           But for our part at OFAC, our sanctions continued to  
23 target new entities, new individuals, who were helping Iran  
24 either try to evade sanctions or try to obtain illicit  
25 material. And ultimately, we began to try to pressure Iran's

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1 primary sources of revenue, such as crude oil and gas sales,  
2 and try to pressure Iran's banks.

3 Q. In addition to implementing new economic sanctions, did  
4 your work at OFAC involve steps to promote compliance with  
5 sanctions?

6 A. Yes, absolutely.

7 Q. What sort of steps did that work involve?

8 A. So, we had, I would say, a domestically focused compliance  
9 effort which entailed speaking regularly to U.S. companies,  
10 U.S. banks, about their obligations, reminding them of any  
11 recent changes, and ensuring that they understood clearly what  
12 sanctions required and what they allowed.

13 In the Iran context, where there was such a heavy  
14 international aspect to this, both because of non-U.S.  
15 sanctions and because our sanctions began to have more and more  
16 international effect, a large part of our role at OFAC, and my  
17 role as the director, was to travel overseas and talk to  
18 international companies and international banks about how U.S.  
19 sanctions applied to them.

20 Q. I want to ask you about one particular foreign institution.  
21 Did you meet with representatives of the Turkish bank Halkbank  
22 to discuss compliance with U.S. sanctions?

23 A. Yes.

24 Q. In approximately what time period did you meet with  
25 representatives of Halkbank?

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1 A. 2013 and 2014.

2 Q. Roughly, how many times do you think you met with  
3 representatives from Halkbank?

4 A. In person, two or three times. But I also had phone calls  
5 and there were occasional e-mails and letters.

6 Q. Was there any one person who was the principal  
7 representative of Halkbank in your communications with the  
8 bank?

9 A. More than any other, I met with a Mr. Atilla who I believe  
10 was the deputy general manager. But I also met with the  
11 general manager, Mr. Aslan.

12 Q. Why did you start meeting with Halkbank?

13 A. By the period of late 2012, there were a decreasing number  
14 of major international banks who were hosting significant  
15 financial and commercial activity with Iran. Halkbank was one  
16 of them. And Halkbank was a pretty significant player at that  
17 point, relative to what we saw going on in the rest of the  
18 world. We also had specific concerns about Halkbank's behavior  
19 and how careful it was being vis-a-vis international sanctions,  
20 including U.S. sanctions.

21 Q. We're going to get into specific meetings in a moment but I  
22 want to ask you, across the timeline of your discussions with  
23 Mr. Atilla, were there particular subjects that recurred?

24 A. Yes.

25 Q. What were they?

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1 A. We spoke with Mr. Atilla about the propensity that Iran had  
2 shown to, for lack of a better word, defraud foreign banks. To  
3 lie and manipulate payment instructions. And the need,  
4 therefore, for any foreign bank who was still doing business  
5 with Iran to exhibit very strong due diligence, to make sure  
6 that the transactions they were handling were indeed what they  
7 appeared to be and not something else. That was one thread of  
8 the conversation.

9                   We also talked about specific sanctions developments,  
10 such as the executive order that prohibited -- or I shouldn't  
11 say prohibited. The executive order that targeted sales of  
12 gold first to the government of Iran and then later to any  
13 Iranian person.

14                   We spoke to them about handling of crude oil sale  
15 revenues, in terms of what that could mean for Halkbank and its  
16 exposure to secondary sanctions.

17                   And then the final example that comes to mind is  
18 talking to them about dealings with the Central Bank of Iran.

19 Q. So let's take those substantive areas one by one.

20                   What were the issues that you discussed with respect  
21 to the gold trade?

22 A. So, there was an executive order that President Obama  
23 issued that targeted sales of gold to the government of Iran,  
24 this was I believe February 2012, or came into effect in  
25 February 2012. And it authorized the U.S. government, and that

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1 authority was delegated to the Treasury Department, to sanction  
2 foreign companies who were helping Iran obtain gold.

3 A year later, approximately, that executive order was  
4 extended to target any Iranian person who was obtaining gold,  
5 because we were concerned that the Iranian government was  
6 circumventing this sanction using cut outs, using front  
7 companies and individuals, to obtain gold in a way that could  
8 undermine our sanction.

9 Q. What specifically about that did you discuss with  
10 Mr. Atilla during your conversations?

11 A. Well, we saw quite a bit of activity from Turkey in terms  
12 of selling of gold to Iran. And given that Halkbank was the  
13 primary commercial or primary bank that Iran was using in  
14 Turkey, we -- and I reminded Mr. Atilla of the importance of  
15 adhering to these executive orders, not running afoul of these  
16 executive orders, given the risks that that could pose for  
17 Halkbank.

18 Q. Then I think the second area you mentioned was crude oil  
19 sales. What did you discuss with Mr. Atilla with respect to  
20 Iran and crude oil sales?

21 A. So, here, too, the sanctions were tightening over time.  
22 And in -- I'm sorry. I think I had the dates wrong because  
23 we're now several years out. But, February of 2013 is when the  
24 sanctions go into effect with respect to crude oil sales and  
25 the need to escrow those funds.

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1            Basically, in layman's terms, what this means is if  
2 Turkey is purchasing crude oil from Iran, which they were at  
3 the time, any revenues from those sales needed to be held in  
4 Turkey, and only used for one of two allowable purposes: The  
5 first was bilateral trade, so that would be selling Turkish  
6 goods or Turkish services to Iran. The second allowable  
7 purpose was humanitarian sales, such as food or medicine or  
8 medical devices which didn't need to come from Turkey. Those  
9 could come from any country in the world. But, those were the  
10 only two categories that a Turkish bank would have been able to  
11 do with Iran's crude oil revenues without exposing itself to a  
12 risk of U.S. sanctions.

13 Q. I think the final category you mentioned were dealings with  
14 the Central Bank of Iran. What did you discuss with Mr. Atilla  
15 about dealings with the Central Bank of Iran?

16 A. The Central Bank of Iran, pursuant to that same set of  
17 sanctions, was also an area that required a lot of diligence  
18 from foreign banks. Dealings with the Central Bank of Iran's  
19 moneys that didn't fit into one of those two categories could  
20 also expose a foreign bank, like Halk, to U.S. sanctions.

21 Q. Before we dive into specific meetings, I want to ask you  
22 some more general questions about your meetings with  
23 Mr. Atilla.

24            What language were your meetings with Mr. Atilla held  
25 in?

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1 A. English.

2 Q. Was there a translator present?

3 A. Not that I recall.

4 Q. Based on your meetings, what was your impression of  
5 Mr. Atilla's understanding of English?

6 A. He seemed pretty conversant.

7 Q. Based on your meetings, what was your impression of  
8 Mr. Atilla's understanding of the sanctions you discussed with  
9 him?

10 A. I would say pretty strong. I'll say that -- I'm comparing  
11 him here to other senior officials from foreign banks, and I  
12 talked to many. But Mr. Atilla had clearly studied and been  
13 briefed on the latest developments in U.S. sanctions, over a  
14 period where they were changing, and increasing. And he spoke  
15 with some familiarity about these individual provisions, asking  
16 detailed questions. One instance that comes to mind involved  
17 this provision on handling Iran's crude oil sales, only using  
18 it for bilateral trade between Turkey and Iran. And he asked  
19 me what exactly is the definition of a Turkish origin good.  
20 How is that defined. If China makes a product and it's shipped  
21 through Turkey to Iran, does that count as a Turkish good. And  
22 in conversations like that, I would say he exhibited a fair  
23 degree of sophistication and familiarity with U.S. sanctions at  
24 the time.

25 Q. How would you describe Mr. Atilla's demeanor in your

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1 meetings with him?

2 A. He seemed somewhat nervous.

3 Q. Was that true across the board, across your meetings with  
4 him?

5 A. Yes. I'll say that -- that would not have put him in a  
6 unique category. When foreign banks were dealing with U.S.  
7 sanctions over this period, I wasn't always the person they  
8 were most happy to see coming to visit them. But, yes, he was,  
9 he seemed to me fairly nervous over this period.

10 Q. So let's talk about some of your specific communications  
11 with Mr. Atilla. I want to direct your attention first to  
12 March 14, 2012. Did you meet with Halkbank officials on that  
13 day?

14 A. I believe so.

15 Q. Do you remember which Halkbank officials you met with?

16 A. No. It's hard for me to recall individual meetings by  
17 date.

18 MR. DENTON: Your Honor, may I approach?

19 THE COURT: Sure.

20 Q. I'm showing you what's been marked as 3513-002. Read that  
21 to yourself and just look up when you're done.

22 Does that help refresh your recollection about which  
23 Halkbank officials you met with on that day?

24 A. Yes.

25 Q. Who did you meet with on March 14, 2012?

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1 A. The director general of Halkbank, Suleyman Aslan, and the  
2 deputy director general, Mr. Atilla.

3 Q. Do you remember what was discussed during that meeting?

4 A. At the time, we were talking to them about the importance  
5 of what we would have called enhanced due diligence when it  
6 came to any transactions with Iran. But, I can't recall the  
7 agenda for the meeting.

8 Q. What does "enhanced due diligence" mean?

9 A. Due diligence, ordinary due diligence, is what banks employ  
10 when handling customer accounts. It refers to the level of  
11 care that you would exhibit when a customer comes in and asks  
12 to do a new transaction or asks to open a new account.

13 Enhanced due diligence is what's called for by  
14 international standards, is when you're dealing with a  
15 high-risk country or a high-risk customer. If you are going to  
16 handle their transactions, you need to be applying a great deal  
17 of care to make sure that the transactions are legitimate.

18 Q. Why was that an issue of concern with respect to Iran at  
19 that time?

20 A. Well, as I mentioned earlier, Iran had demonstrated its  
21 willingness to basically manipulate trade documents, to falsify  
22 documents, to hire people outside of Iran or inside of Iran, to  
23 do transactions on Iran's behalf. Whether to make it look like  
24 the trade was going to a different country, UAE, Oman, Turkey,  
25 or whether it was to disguise payments.

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1                   So, that was a situation that called for seriously  
2 enhanced due diligence.

3 Q. Were those concerns that you communicated to Mr. Atilla in  
4 that meeting?

5 A. As I said, it's hard for me to distinguish one meeting with  
6 Mr. Atilla from another now many years later. But certainly,  
7 that was a message that ran through my conversations with  
8 Mr. Atilla.

9 Q. Focusing just on that March 14, 2012 meeting, were you the  
10 only senior representative of the Treasury Department in that  
11 meeting?

12 A. No. In fact, the principal host of the meeting was my  
13 boss, Undersecretary David Cohen.

14 Q. In meetings where the two of you were both present, who  
15 would typically lead the meeting?

16 A. Undersecretary Cohen.

17 Q. Let's move ahead to a meeting, another meeting you were  
18 involved in. I want to direct your attention to February 2012,  
19 2013. Did you meet with Mr. Atilla on that day?

20 A. Yes, I believe that was the date of a trip I made to  
21 Turkey.

22 Q. So where did you meet with Mr. Atilla?

23 A. At Halkbank's headquarters I believe in Istanbul.

24 Q. Were there other people from the Treasury Department with  
25 you?

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1 A. Yes.

2 Q. What about other people from Halkbank at that meeting?

3 A. I don't recall the names of the people that Mr. Atilla had  
4 with him, but yes, he had a number of people on his side of the  
5 table as well.

6 Q. Was Mr. Atilla the most senior Halkbank representative in  
7 that meeting?

8 A. Yes.

9 Q. I want to talk a little bit about the process when you meet  
10 with bank officials in a foreign country. After those meetings  
11 take place, are they documented in any way?

12 A. Yes.

13 Q. How are they typically documented?

14 A. With a meeting in a foreign country, we would have a  
15 representative from the State Department, the local embassy  
16 with us, in addition to my own support staff. My own staff  
17 would be taking notes and that could be written up or would be  
18 written up afterwards in a record of the meeting.

19 But the State Department for its purposes is also  
20 going to write up what's known as a cable. Sort of a formal  
21 writeup of a meeting in a foreign country, to be transmitted  
22 back to main State Department and the main Treasury Department  
23 and any other departments that are following the issue.

24 Q. Was it a regular practice to record meetings in those  
25 cables?

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1 A. Yes.

2 Q. Were the text of those cables written by people who  
3 personally participated in the meetings?

4 A. Yes.

5 Q. How long after a meeting takes place is a cable typically  
6 prepared?

7 A. It could be that night. It could be in the next day or so.

8 Q. Was it your regular practice to review cables pertaining to  
9 meetings that you participated in?

10 A. Yes.

11 MR. DENTON: Mr. Chang-Frieden, can we show Mr. Szubin  
12 what's been marked as Government Exhibit 7020.

13 Q. Mr. Szubin, do you recognize this?

14 A. Yes.

15 Q. What is it?

16 A. This is a cable from the American Embassy in Ankara dated  
17 April 12, 2013, that is summarizing meetings I had in Turkey on  
18 this trip.

19 Q. When you say "this trip," is that the February 2013 trip  
20 that you were describing earlier?

21 A. Yes.

22 Q. How are cables like this used after your trip is completed?

23 A. Well, it is helpful to have a writeup for us of what was  
24 discussed in terms of the work at OFAC. So that if we see  
25 concerns later on, we can make sure that those were areas we

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had discussed with our foreign interlocutors. But they're also useful to other agencies in the U.S. government so that they have general awareness of what's going on in a field like Iran sanctions. That was something that not just the Treasury Department was watching but also State Department, the Justice Department, and others.

Q. Is it important that the content of these cables be accurate?

A. Yes.

Q. Why is that?

A. Well, for all the reasons I was just saying. If you have inaccuracies in the cable, it undermines the whole purpose.

Q. Does this particular cable -- withdrawn.

MR. DENTON: Mr. Chang-Frieden, can we go to the next page, second page.

Q. Mr. Szubin, does this cable reflect statements made by Mr. Atilla to you during this meeting?

A. Yes.

MR. DENTON: The government offers Government Exhibit 7020.

MR. ROCCO: No objection, your Honor.

THE COURT: I'll allow it.

(Government's Exhibit 7020 received in evidence)

MR. DENTON: If we could publish that starting at page two.

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1 Q. So, I'd like to start at paragraph five. First of all,  
2 Mr. Szubin, where this indicates "Halk officials noted that  
3 they had been well briefed on the changes that went into effect  
4 on February 6," what Halk official communicated that to you?

5 A. That would be Mr. Atilla.

6 Q. Is that also true with respect to the following sentence  
7 indicating that "they had also closely read the recently  
8 released OFAC questions and answers on the changes that went  
9 into effect on that date"?

10 A. Yes. I don't recall any of the other Halkbank employees  
11 speaking during this meeting. So any time it says "Halk" for  
12 this meeting, it would have been Mr. Atilla.

13 Q. So then, let's talk about the last clause of that sentence  
14 after the highlighting. "Halk understands that the bank will  
15 need to carefully check trade-related documents from customers  
16 on any trade with Iran."

17 Does that refer to the enhanced due diligence  
18 conversation you were describing earlier?

19 A. Yes. And in particular here, I discussed with Mr. Atilla  
20 the need to look at -- I believe they're called certificates of  
21 origin, which is a government-issued document when it comes to  
22 an export that certifies it is what it purports to be. So if  
23 someone's exporting air conditioning units to Iran from Turkey,  
24 a certificate of origin would say this is a pallet with 200 air  
25 conditioners on it.

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1                   MR. DENTON: Mr. Chang-Frieden, if we can could then  
2 move to paragraph six.

3 Q. Starting at the top here, where there is a reference in the  
4 first sentence to "the requirements to set up a separate  
5 payment channel for oil." What did you understand Mr. Atilla  
6 to be saying there?

7 A. So when I talked earlier about the need to escrow funds,  
8 this is what he's talking about. That basically, money that  
9 was made by Iran through selling its crude oil needed to be  
10 treated differently, needed to be escrowed or put into a  
11 special account where it could only be used for those two  
12 purposes that I was describing earlier.

13 Q. I don't want to have you read everything here. That will  
14 take us too long. But if we can just go down to the sentence  
15 in describing the mechanisms Halk is using, it says "CBI has  
16 explained to Halk that it cannot just use one bank as no  
17 Iranian bank has a sufficiently high credit limit to handle the  
18 total amount, but must instead use six or seven non-designated  
19 Iranian banks to handle the volumes."

20                   What does that mean?

21 A. So here you get into some of the intricacies of trade  
22 finance. But, basically, CBI, which refers to the Central Bank  
23 of Iran, was the bank that was receiving payment for Iran's oil  
24 sales because Iran was selling them out of government  
25 companies. But, the Iranian purchasers who were looking to buy

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1 Turkish goods would be using different commercial banks in  
2 Turkey. I'm sorry, in Iran. And they would use their  
3 commercial bank in Iran, for example, Bank Keshavarzi, put up  
4 the money in Iran in rials, and then look for Bank Keshavarzi  
5 in Turkey to make a payment to a Turkish exporter of, for  
6 example, air conditioners.

7 The Central Bank of Iran is the one receiving the  
8 Turkish currency, and it is then apportioning it out to Bank  
9 Keshavarzi and a number of other Iranian commercial banks with  
10 accounts in Turkey, so that their own customers back in Iran  
11 can use that to pay for Turkish goods.

12 Q. When you said at the start that this is getting into the  
13 intricacies of trade finance, again, are these statements by  
14 Mr. Atilla?

15 A. Yes.

16 Q. So, just moving a little further down the paragraph where  
17 it states "Szubin took the opportunity to review in some detail  
18 the requirement that Turkish companies be selling Turkish  
19 goods, rather than re-exports, from a third country."

20 What are we talking about there?

21 A. That's the requirement that if you're using crude oil sales  
22 to pay for Turkish goods, that they be true Turkish goods.  
23 Goods that are -- goods or services that are of Turkish origin,  
24 not just Chinese or Singaporean or Canadian goods that have  
25 come to rest briefly in Turkey.

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1 Q. How did Mr. Atilla respond about how Halkbank would address  
2 that concern?

3 A. Mr. Atilla explained that Halk would check for certificates  
4 of origin issued by the Turkish chamber of commerce to ensure  
5 that the goods were indeed Turkish.

6 MR. DENTON: Mr. Chang-Frieden, if we could move to  
7 paragraph seven which I think is on page three.

8 Q. What discussion did you have with Mr. Atilla about  
9 third-country food and medicine exporters?

10 A. So, this relates to the second category of uses that are --  
11 that would have been consistent with our sanctions at the time.  
12 So not just Turkish bilateral trade, but purchases of food or  
13 medicine, here it refers to pharmaceutical exports, to Iran.  
14 That could be from any country. So it was permissible for a  
15 bank like Halkbank to use these escrowed funds to buy American  
16 or Brazilian or European medicine for export to Iran, even  
17 though they weren't from Turkey.

18 Q. If you go down about two-thirds of the way down there is a  
19 sentence that reads "Halk said that Turkish good exporters had  
20 largely completed all of their exchanges, which had also  
21 reduced the totals available in Iranian accounts."

22 What does that mean, Mr. Szubin?

23 A. This is happening during the period when our executive  
24 order made sanctionable sales to the government of Iran, but  
25 not to individual Iranian companies who were private or

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Szubin - Direct

1 individual Iranian persons. And here, Mr. Atilla is saying  
2 that Turkish sales to Iran of gold, which had spiked  
3 dramatically, were winding down. But those sales had reduced  
4 the amounts of funds available in Iran's accounts at Halkbank.

5 Q. Let's talk a little more about that gold trade.

6 MR. DENTON: Mr. Chang-Frieden, if we could go to  
7 paragraph eight, please.

8 Q. What did Mr. Atilla ask you about the gold trade with Iran?

9 A. Here he's asking about what were then upcoming changes to  
10 tighten the gold sanctions. I referred to these earlier, but  
11 as of July 1 of 2013, it would become sanctionable to sell gold  
12 to any Iranian person, and Mr. Atilla was asking questions  
13 about what that meant. For example, does it have to be a  
14 person located in Iran or could it be an Iranian person  
15 visiting Turkey.

16 Q. What, if any, admonitions did you give him about how to  
17 proceed with that trade?

18 A. Well, if Halkbank didn't want to face U.S. sanctions, it  
19 would have needed to terminate that trade entirely by July 1st.

20 Q. Down at the bottom where it says "Szubin encouraged Halk to  
21 continue being extremely careful --"

22 A. Ah.

23 Q. "-- noting concerns in the USG that the GOI may be the  
24 ultimate buyer of the gold."

25 What is that referring to?

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Szubin - Direct

1 A. So, that is referring to what were already the sanctions  
2 that were already then in place at the time of this meeting, I  
3 was warning Mr. Atilla that the government of Iran could well  
4 be using front companies or agents to purchase gold from Turkey  
5 on the government of Iran's behalf, and that that was already  
6 sanctionable, even before we got to the new changes, because  
7 the government of Iran was the ultimate buyer.

8 Q. Did you discuss any particular examples of things that had  
9 given rise to concerns during this meeting?

10 A. Concerns about Iranian evasion?

11 Q. Yes.

12 A. Yes.

13 MR. DENTON: If we could bring up paragraph nine,  
14 Mr. Chang-Frieden.

15 Q. This indicates that you and Mr. Atilla discussed the South  
16 Korea case at length. What does the South Korea case refer to?

17 A. So, this refers to a pretty large-scale fraud that Iran  
18 perpetrated in order to evade the sanctions I've been talking  
19 about today, in particular, to be able to siphon money from  
20 South Korea from funds that had been set aside or escrowed  
21 exclusively for South Korea-Iran bilateral trade.

22 Iran had worked out a scheme to falsify trade  
23 documents to make it look like there were funds debited from  
24 Iranian accounts in South Korea to pay for South Korean  
25 exports, but in reality, those weren't South Korean legitimate

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Szubin - Direct

1 exports, and Iran was using either fake companies or fake  
2 documents to take money out of South Korea for other purposes.  
3 The ultimate alleged total here was \$1 billion of fraud by  
4 Iran.

5 Q. Where it indicates that you discussed this at length, did  
6 you communicate these particular features of the South Korea  
7 case to Mr. Atilla?

8 A. Yes.

9 Q. What did Mr. Atilla tell you about how Halkbank would avoid  
10 a similar problem?

11 A. So, you can see here a number of representations by  
12 Mr. Atilla about how diligent, how careful Halk was being and  
13 would be. "Halk noted it is extremely careful dealing with  
14 trading companies and banks. It checks carefully to see what  
15 policies potential bank partners have with regard to foreign  
16 transfers. Halk wants to see tight controls on foreign  
17 transfer, and organic ties to their customers."

18 That means that Halk wouldn't do business on behalf of  
19 an unknown strange company. They wanted to see, they wanted to  
20 be doing business with companies who had a history of having an  
21 account at Halk, where Halk would have known them better and  
22 been able to have more confidence that they were legitimate.

23 "If Halk sees a lot of unexplained flows, it closes  
24 the company's accounts. Halk never allows transfers of dollar  
25 accounts, nor does it allow third-country transfers without a

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Szubin - Direct

1 lot of checking of written records. Halk also refuses to deal  
2 with new exporters, insisting on seeing five years of  
3 commercial history."

4 So this is another aspect of diligence, not just that  
5 Halk was saying it only wanted to deal with its own organic  
6 customers, but that if there was a new company, ABC Export  
7 Company in Turkey that sprung up, Halk was saying it would  
8 refuse to do business with it because it could be a  
9 fly-by-night, a disreputable company. It wanted to deal with  
10 those who had an established history. Here five years of  
11 history of doing legitimate business.

12 "Halk noted that some Turkish exporters are  
13 suffering." So this doesn't go to their due diligence. But I  
14 can continue going through it if that's helpful.

15 Q. I think at a higher level of generality, what does the rest  
16 of this paragraph talk about?

17 A. In part as a result of the gold sales we talked about  
18 earlier, Halk had less Iranian money on its books, and so,  
19 there was a need to triage, in other words, a need to  
20 prioritize certain payments over others. Because Iran didn't  
21 have Turkish currency to cover all of the things it would have  
22 wanted to buy. And here Mr. Atilla is commenting that Iran has  
23 changed its priorities to food and pharmaceutical imports, away  
24 from iron and steel.

25 MR. DENTON: Mr. Chang-Frieden, if we can go to

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Szubin - Direct

1 paragraph 10 on the next page.

2 Q. What was the topic of discussion reflected in paragraph 10,  
3 Mr. Szubin?

4 A. Here, Mr. Atilla's asking if Iranian customers at Halk  
5 could use these escrowed funds to buy Turkish treasury bonds.

6 Q. Why was that a subject of conversation?

7 A. I assume because the Iranian customers had asked Halk to do  
8 this.

9 Q. What did you advise Mr. Atilla about that?

10 A. I, you know, again urged that they be very careful about  
11 checking the identity of the individuals, and making sure that  
12 this wasn't a scheme to circumvent the sanctions we've talked  
13 about earlier. If it was a legitimate attempt to buy Turkish  
14 treasury bonds, I noted there was no problem in the law.

15 MR. DENTON: We can take that down, Mr. Chang-Frieden.

16 Q. Mr. Szubin, during this same February 2013 trip to Turkey,  
17 did you meet with any Turkish government officials?

18 A. Yes.

19 Q. Which Turkish government agency did you meet with?

20 A. I met with the Turkish Ministry of Economy I believe it's  
21 called.

22 Q. Do you remember who you met with there?

23 A. The minister. But I have trouble pronouncing his name.

24 Q. We don't need to get into the same level of detail that you  
25 just talked about with your meeting with Mr. Atilla. But what

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Szubin - Direct

1 did you talk about with the Minister of the Economy in that  
2 meeting?

3 A. We covered many of these same areas, because the government  
4 of Turkey was obviously keenly interested in making sure that  
5 Turkish companies, especially a prominent bank like Halkbank,  
6 not run afoul of U.S. sanctions. And so, we thought it was  
7 very important, we in the American government, to inform the  
8 Turkish government about what the changes in sanctions were,  
9 what they were -- what the upcoming changes would be, and what  
10 our concerns were.

11 Q. So you identified three general topics that we saw also  
12 reflected in Government Exhibit 7020 dealing with gold sales,  
13 the use of Iranian oil money, and dealings with the Central  
14 Bank of Iran. Were those three subjects also the subjects of  
15 your discussions with the Minister of the Economy?

16 A. Yes.

17 Q. After your February 2012 meeting with Mr. Atilla and your  
18 similarly timed meeting with the Minister of the Economy, did  
19 you send any followup communications to Halkbank?

20 A. Yes. I recall forwarding to Halkbank officials a article  
21 that came out about a -- another scheme, and U.S. efforts or a  
22 U.S. sanctions against that network of sanctions evasion.

23 MR. DENTON: Mr. Chang-Frieden, if we could show  
24 Mr. Szubin what's been marked as Government Exhibit 7006.

25 Q. Mr. Szubin, do you recognize this?

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Szubin - Direct

1 A. Yes.

2 Q. What is it?

3 A. This is a copy of an e-mail that I sent on March 15 of  
4 2013, so a month after the meeting we just talked about, and I  
5 sent this to Mr. Aslan and Mr. Atilla at Halkbank.

6 Q. Was anything attached to this e-mail?

7 A. Yes. I attached an -- a public source article about  
8 sanctions that we imposed on a Greek businessman, Dimitris  
9 Cambis, who was operating a very sophisticated scheme to help  
10 Iran evade oil sanctions.

11 MR. DENTON: Mr. Chang-Frieden, if we can go to the  
12 second page of this exhibit.

13 Q. Mr. Szubin, do you recognize the second page of this  
14 exhibit?

15 A. Yes.

16 Q. What is this?

17 A. This is a letter to the general manager of Halkbank that I  
18 sent to Halk to follow up on both the meeting that I had in  
19 Turkey and a meeting that my boss Undersecretary Cohen had to  
20 confirm our understanding of Halkbank's posture with respect to  
21 adhering to Iran sanctions.

22 MR. DENTON: Government offers Government Exhibit  
23 7006.

24 MR. ROCCO: No objection.

25 THE COURT: I'll allow it.

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Szubin - Direct

1 (Government's Exhibit 7006 received in evidence)

2 MR. DENTON: You can publish that starting at page  
3 one, Mr. Chang-Frieden.

4 Q. First of all, Mr. Szubin, was it a common practice to send  
5 letters confirming your understanding of things from meetings?

6 A. Yes. If it was a significant meeting.

7 Q. Why was that something that you did?

8 A. It greatly reduces the risk that the participants in the  
9 meeting later claim that they didn't hear it, they weren't  
10 aware of it, or that that's not what we discussed.

11 Q. Before we get into the letter I want to talk a little bit  
12 about this e-mail here. Why did you include this notable  
13 recent action with respect to Dimitris Cambis?

14 A. Well, this was an example of a sanctions evasion scheme  
15 that was, in our view, typical of the lengths that Iran was  
16 going to, at this time, to try to evade sanctions.

17 We had discussed, as I've talked about here today,  
18 Iranian sanctions evasion efforts with Halkbank, so we wanted  
19 them to see this as a example of sanctions evasion. But at the  
20 same time, it was also meant to demonstrate for Halkbank the  
21 Treasury Department's seriousness when it came to evasion and  
22 our willingness to take action.

23 Q. With respect to the Treasury Department's seriousness and  
24 its willingness to take action, I want to go back to your  
25 meeting in February of 2013 with Mr. Atilla. During the

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Szubin - Direct

1 meeting, I think you indicated earlier that there were other  
2 people present both from his side and from your side?

3 A. Yes.

4 Q. On that occasion, did you have the opportunity to have a  
5 private discussion with Mr. Atilla?

6 A. I did.

7 Q. Tell us about that meeting.

8 A. So this part was unusual. We had a pretty long meeting  
9 covering all of these sanctions issues that I was talking about  
10 earlier. And I felt like Mr. Atilla was nodding along and  
11 saying he understood and they would do all of the right things,  
12 but he didn't seem to clearly understand how serious an issue  
13 this was from our perspective. So, I asked Mr. Atilla if we  
14 could speak one-on-one at the end of the meeting to have a more  
15 candid discussion, and he agreed.

16 Q. What did you discuss with him during that candid  
17 discussion?

18 A. I told Mr. Atilla that to the extent he was viewing this as  
19 kind of a routine discussion or a routine visit that Treasury  
20 Department officials were making across the globe, that wasn't  
21 the case. That this was a -- a very conscious visit to  
22 Halkbank, by me, because of concerns that were pretty serious  
23 about what was going on at Halk. And that we viewed them in  
24 sort of a category unto themselves, that I wasn't having this  
25 same level of conversation with any other bank around the world

HCC3ATI1

Szubin - Direct

1 at this time. To, in a sense, underscore how serious this was,  
2 make sure that he wasn't in doubt.

3 Q. How did Mr. Atilla react to that warning?

4 A. He seemed pretty taken aback. You know, I think sweating,  
5 if I can use that term.

6 Q. So let's go back to Government Exhibit 7006. And I think  
7 you identified Dimitris Cambis as the example of the sort of  
8 serious action that Treasury takes. What was the particular  
9 mechanism of sanctions evasion described here with respect to  
10 Dimitris Cambis?

11 A. OFAC imposed sanctions on Cambis and a number of front  
12 companies and vessels. When I say "imposed sanctions," that  
13 means we added him and these companies to basically OFAC's  
14 blacklist, which is sometimes called the Specially Designated  
15 Nationals or SDN list. That's a public list that OFAC  
16 maintains that banks in the U.S. and banks, frankly, around the  
17 world consult. It is a list of what we call designated actors,  
18 and a U.S. bank or U.S. person anywhere in the world has to  
19 freeze the assets of someone who is added to that list. So by  
20 adding Cambis to this list, we were directing all U.S. persons  
21 worldwide to freeze any assets of Mr. Cambis or any of the  
22 named companies, and prohibited any further dealings with them  
23 by U.S. persons.

24 Q. Is that generally a significant action for the person or  
25 entity that is the target of that Treasury action?

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Szubin - Direct

1 A. Yes.

2 Q. So if we can move to your letter. We can move to the next  
3 page. First of all, the letter is addressed to General Manager  
4 Aslan; is that right?

5 A. Yes.

6 Q. Do I also remember correctly that it was transmitted in an  
7 e-mail that was also sent to Mr. Atilla?

8 A. Yes.

9 Q. What does the first paragraph say about the overall topic  
10 of this meeting?

11 A. That this letter is to follow up on the two meetings, the  
12 meeting that I had had with Mr. Atilla, the meeting that  
13 Undersecretary Cohen had with Mr. Aslan, and that we wanted to  
14 recount and confirm our understanding of several issues.

15 Q. So let's goes paragraph by paragraph. What is being  
16 discussed in the first paragraph that you are confirming your  
17 understanding about?

18 A. This is the sanction that went into effect as of  
19 February 6, under the NDAA, the National Defense Authorization  
20 Act of 2012, that required sales of Iranian crude oil to only  
21 be used for bilateral trade or humanitarian trade. And this  
22 applied also to any accounts of the Central Bank of Iran.

23 Q. I want to focus you on one particular thing reflected here.  
24 Was it your understanding, based on your conversation with  
25 Mr. Atilla, that Halkbank had determined that it would not

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Szubin - Direct

1 allow transfers within Turkey to another financial institution  
2 of the proceeds of Iranian oil sales?

3 A. Yes.

4 Q. What purposes were those accounts to be used for?

5 A. Only for bilateral trade between Turkey and Iran, or  
6 humanitarian exports to Iran.

7 Q. What did you indicate in this letter was your understanding  
8 of Halkbank's intention to conduct due diligence with respect  
9 to bilateral Turkish exports?

10 A. That Halk will require certificates of origin to document  
11 that any bilateral exports are indeed bilateral exports.

12 Q. This next paragraph refers to something we haven't talked  
13 about as much involving accounts held in a third country. It  
14 says that "Mr. Atilla asked whether it would be potentially  
15 sanctionable to allow a private non-designated Iranian bank to  
16 transfer funds from an account it holds in a third country to  
17 its account at Halkbank, where the account holder and nature of  
18 the transaction do not have a facial link to Iran's petroleum  
19 trade."

20           What is this issue, Mr. Szubin?

21 A. So, this requirement that I've been talking about that went  
22 into effect on February 6, related to any Central Bank of Iran  
23 accounts, or funds that were the revenues from Iran's crude oil  
24 sales.

25           Theoretically, if Iran held money in a different bank,

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Szubin - Direct

1 a private bank, like Bank Keshavarzi in a third country, let's  
2 say Malaysia, if it wasn't -- if that money wasn't earnings  
3 from their crude oil sales, this February 6 restriction didn't  
4 apply. And Halkbank, any other third-country bank, would have  
5 been -- it would not have been sanctionable for them to handle  
6 those funds and move them across borders.

7 That question was posed to me by Mr. Atilla, can  
8 Halkbank receive such money from private banks if it doesn't  
9 appear to be Iran's crude oil revenues. My answer was,  
10 technically, yes, but you have to be very careful, because the  
11 bulk of Iran's money that it earns outside of Iran, in other  
12 words, its foreign earnings, comes from its crude oil sales.  
13 And given the pattern of evasion, there is a real likelihood  
14 that Iran has taken its crude oil money in, let's say Malaysia  
15 in my example, moved it into a private bank's account, and is  
16 now trying to move it into Halk.

17 Q. So then, the next paragraph refers to a discussion with  
18 Undersecretary Cohen so let's move on to what follows that.

19 THE COURT: If they did seek to move it from Malaysia  
20 to Halk, how would they do that?

21 THE WITNESS: How would the bank transaction be  
22 processed?

23 THE COURT: And how would it be described?

24 THE WITNESS: Ah. If it was an evasion scheme, then  
25 the movement of payment would have no mention of the government

HCC3ATI1

Szubin - Direct

of Iran or crude oil. The people involved in the scheme would ostensibly say we just want to reallocate private commercial funds of Iranian companies. We have too much money in Malaysia, we want some of it now to be in Turkey. But, if successful, this would be an attempt to put more money into Turkey that wasn't under the escrow.

THE COURT: Would they not only not say that this is proceeds from the sale of oil, but would they say it's proceeds from the sale of milk, for example?

THE WITNESS: Sure. Or carpets or pistachios, any other Iranian export.

THE COURT: Would they have to say something to get it from Malaysia to Halkbank?

THE WITNESS: Ordinarily, if it was the funds of a different country than Iran, no. A bank would -- ordinary due diligence wouldn't require knowing where those funds came from.

But, in the case of Iran, they were so circumscribed in terms of banks who would handle their money, that there were some very extreme efforts underway to, as I said, evade sanctions, and falsely document what payments were.

So this comes back to what I had talked about earlier with Mr. Denton about what's required in enhanced due diligence. So the ordinary requirement wouldn't be to ask. But in a case like this, we would urge foreign banks to ask. Now, maybe not if it is \$500, but if it is a substantial amount

HCC3ATI1

Szubin - Direct

1 of money, what's the origin of that money and how do you know  
2 it's not from crude oil sales.

3 Q. Is it fair to say across sort of the universe of  
4 transactions and concerns that we've been discussing that there  
5 was always an underlying concern that these were transactions  
6 on behalf of the government of Iran in oil proceeds?

7 A. That what do you mean by "these"? I just want to be sure  
8 I'm answering accurately.

9 Q. We've talked about a variety of things involving gold sales  
10 and bilateral trade and humanitarian trade. Separate from  
11 those specific restrictions, was there also an overarching set  
12 of restrictions dealing with the National Iranian Oil Company  
13 and the government of Iran using these funds?

14 A. Yes.

15 Q. So then, finally, I want to talk about this last  
16 substantive paragraph with respect to the conversation of  
17 Undersecretary Cohen. In terms of how you addressed the  
18 questions about U.S. sanctions related to the exports to Iran  
19 of agricultural commodities, medicine or medical devices, what  
20 admonitions did you give to Halkbank in this letter?

21 A. It's right in line with what we've talked about today in  
22 terms of enhanced due diligence. But here it's particular to  
23 humanitarian sales from companies that are in another country.

24 It was permissible, under our sanctions at the time,  
25 for Halkbank to release money, even from a Central Bank of Iran

HCC3ATI1

Szubin - Direct

1 account or from crude oil sales, to buy aspirin from Bayer or  
2 to buy goods from Johnson & Johnson, humanitarian goods in the  
3 United States, to buy wheat from Cargill or Bunge, even though  
4 those were in other countries.

5 What Halkbank had asked, and so this is now Mr. Aslan  
6 had asked Undersecretary Cohen, is can Halkbank be an  
7 intermediary in those types of transfers where the funds are  
8 originating in escrowed funds, let's say in India or South  
9 Korea, can Halkbank pass those funds along to purchase  
10 humanitarian goods from a Johnson & Johnson or from a Cargill.

11 And our answer is legally, technically yes. But it's  
12 a risky situation, because Halkbank doesn't -- isn't in the  
13 same country as where the funds are starting or where the funds  
14 are going. And if there is fraud going on, Halkbank can be  
15 held responsible. Halkbank can be sanctioned.

16 The example I would often give is if Iran were to set  
17 up a pharmaceutical company, let's say in Greece or in  
18 Argentina, we'll call it the XYZ Pharmaceutical Company, that  
19 would be a very easy way for Iran to take tens or even hundreds  
20 of millions of dollars out of Turkey, that should have been  
21 escrowed, make payments for fake supplies of pharmaceutical  
22 goods, when really, those payments were going to an Iranian  
23 front actor, in that country, who was then using the money for  
24 God knows what.

25 So, here, what we were saying, what I was saying in

HCC3ATI1

Szubin - Direct

1 this letter, is relevant sanctions laws do allow for  
2 humanitarian exports, but we would urge you only to work with  
3 reputable and internationally known companies in these sectors  
4 to mitigate the well-documented risk of Iranian fraud.

5 (Continued on next page)

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HCCPAT12

Szubin - Direct

1 Q. So let's move ahead from this March letter to your next  
2 communication, and I want to direct your attention to May 17th,  
3 2013. Did you speak with Halkbank officials on that day?

4 A. I believe so.

5 Q. How did you communicate with them on that occasion?

6 A. By telephone.

7 Q. Who from Halkbank arranged the call?

8 A. I don't recall.

9 MR. DENTON: May I approach, your Honor?

10 THE COURT: Yes.

11 Q. Showing you what's been marked as 3513-11, does that  
12 refresh your recollection about who from Halkbank arranged the  
13 call on May 17, 2013?

14 A. Yes, Mr. Atilla.

15 Q. Do you remember who you actually spoke with from Halkbank  
16 on that day?

17 A. I believe Mr. Atilla.

18 Q. What was discussed during that call?

19 A. I don't recall the specific agenda. It would have been on  
20 the subjects we've been covering today.

21 Q. Did you take notes during that call?

22 A. Yes.

23 Q. Would those notes help refresh your recollection about some  
24 of the specifics you discussed?

25 A. Yes.

HCCPATI2

Szubin - Direct

1 MR. DENTON: May I approach, your Honor?

2 THE COURT: Yes.

3 Q. I show you what's been marked as 3513-12. Does that help  
4 refresh your recollection about that call, Mr. Szubin?

5 A. Yes.

6 Q. What were some of the things you discussed during that  
7 call?

8 A. So, first, my recollection is this call was with  
9 Mr. Atilla. I know I wrote here Aslan, but I don't -- I think  
10 that was writing quickly and in error. The subjects that we  
11 covered -- so this is recounting what Mr. Atilla told me.  
12 Overall funds at Halkbank are decreasing day by day. They  
13 currently were holding less than \$2 billion in the equivalent  
14 of U.S. dollars. The decrease in purchases of humanitarian  
15 goods may be due to the shortage of funds and may be because of  
16 metal precious payments. So that gets back to the gold  
17 purchases that had brought down the balances that we talked  
18 about earlier.

19 Halkbank says, we will stop intermediation two to  
20 three weeks before July 1st, which was when the new sanctions  
21 would go into effect on any gold sales to any Iranian person,  
22 not just the government. And then the final line is, "Right  
23 now, sales are only to privately owned companies;" so that  
24 would be sales of gold, I assume.

25 Q. And were those subjects that you had previously discussed

HCCPAT12

Szubin - Direct

1 with Mr. Atilla?

2 A. Yes.

3 Q. So apart from the meetings and calls that you had with  
4 Mr. Atilla that we've been discussing, did you also communicate  
5 with him by e-mails?

6 A. Yes.

7 MR. DENTON: Could we show Mr. Szubin what's been  
8 marked for identification as Government Exhibit 7009?

9 Q. Mr. Szubin, do you recognize this?

10 A. Yes.

11 Q. What is it?

12 A. This is an e-mail chain. It includes an e-mail I received  
13 from Mr. Atilla on July 1, which is the day that the new gold  
14 sanctions went into effect. It's Mr. Atilla saying that  
15 Halkbank stopped mediating the transactions of exporters  
16 related to trade in precious metals as of June 2013. So two to  
17 three weeks before July 1 is his representation.

18 Q. And does this also reflect your response?

19 A. Yes. I said, thank you for this update.

20 MR. DENTON: Your Honor, the government offers  
21 Government Exhibit 7009.

22 MR. ROCCO: No objection.

23 THE COURT: I'll allow it.

24 (Government's Exhibit 7009 received in evidence)

25 MR. DENTON: Publish that, please.

HCCPATI2

Szubin - Direct

1 BY MR. DENTON:

2 Q. So starting with the e-mail at the bottom, the first e-mail  
3 in this chain, who sent it, Mr. Szubin?

4 A. Mr. Atilla.

5 Q. And who did he send it to?

6 A. Me.

7 Q. Was there anyone copied on this e-mail?

8 A. Yes, Mr. Aslan.

9 Q. What was the subject of this e-mail?

10 A. Halkbank and NDAA, which is the National Defense  
11 Authorization Act, June 2013.

12 Q. What did Mr. Atilla represent to you in this e-mail?

13 A. That Halkbank had stopped mediating transactions for gold,  
14 precious metals, as of June 10th of that year, 2013.

15 Q. And how did you respond?

16 A. I thanked him for the update.

17 MR. DENTON: Mr. Chang-Frieden, could we put up what  
18 is in evidence as Government Exhibit 2511-4.

19 Q. Mr. Szubin, have you ever seen this document before?

20 A. I don't believe so.

21 MR. DENTON: Mr. Chang-Frieden, if we could take some  
22 examples and go down to line 3250. If you could scroll down so  
23 we could see a little more of the page, please.

24 Q. Mr. Szubin, in his July 1st e-mail representing that  
25 Halkbank had stopped transactions in gold as of June 10th,

HCCPAT12

Szubin - Direct

1       2013, did Mr. Atilla inform you about the transactions for  
2 Toseh Tejarat on June 11, 2013, reflected here?

3                    MR. ROCCO: Objection, your Honor.

4                    THE COURT: Overruled. I think you need to go through  
5 this chart a little before. Actually, I'll sustain it. I  
6 think you need to go through the chart, say it's in Turkish and  
7 all of that.

8 BY MR. DENTON:

9 Q. Mr. Szubin, do you recognize language of the headers in  
10 this chart?

11 A. It looks to be in Turkish. I don't speak Turkish.

12 Q. So you don't understand what these mean specifically, do  
13 you?

14 A. No.

15 Q. If you can look at the Column D, not the headers, but the  
16 specific information reflected there. Do you recognize what is  
17 listed in all of the entries in that column?

18 A. Yes, it says "Iran."

19 Q. And then, if we could go to Column J, do you recognize the  
20 symbol in parenthesis there?

21 A. That's a Euro symbol.

22 Q. And do you recognize the format of the numbers reflected in  
23 Column J?

24 A. It looks like a financial entry.

25 Q. If we could go back to column A. Mr. Szubin, have you ever

HCCPAT12

Szubin - Direct

1 heard of Toseh Tejarat?

2 A. I don't believe so. I know of a Bank Tejarat.

3 Q. What is Bank Tejarat?

4 A. That is an Iranian -- a large Iranian bank.

5 THE COURT: Private or government?

6 THE WITNESS: I believe government.

7 Q. So again, Director Szubin, I'll ask you. Did Mr. Atilla's  
8 July 1st e-mail indicate anything about the transactions listed  
9 here dated June 11th, 2013?

10 MR. ROCCO: Objection, your Honor. I don't know how  
11 this witness can respond to that question on the basis of this  
12 document. He doesn't know.

13 THE COURT: Yes, I think you could rephrase the  
14 question and get where you're trying to go, I think.

15 Q. Director Szubin, based on what you can tell from this  
16 document, does it reflect transactions dated, as highlighted  
17 here, June 11th, 2013?

18 MR. ROCCO: Objection, your Honor.

19 THE COURT: Yes, sustained.

20 Q. What do these entries appear to you to be, Director Szubin?

21 MR. ROCCO: Objection, your Honor.

22 Q. Director Szubin, do these appear to be financial entries?

23 MR. ROCCO: Objection, your Honor.

24 THE COURT: Yes, I think there's an easier way to get  
25 there.

HCCPATI2

Szubin - Direct

1 Q. Mr. Szubin, can I ask you just to read entry 3250?

2 A. Yes. Toseh Tejarat, 39800, 35.41, Iran, Kulce Altin, looks  
3 like, June 11th, 2013, 2884, June 11th, 2013, 2849, 1,409,318.

4 Q. And then, Mr. Chang-Frieden, if we could go down the page a  
5 little bit.

6 And, Mr. Szubin, do you see entries reflecting the  
7 dates -- the date of June 13th?

8 A. Yes.

9 Q. And what about June 25th?

10 A. Yes.

11 Q. Keep going down. Are there entries for the date June 28th?

12 A. Yes.

13 Q. Are there entries for July 5th?

14 A. Yes.

15 Q. Are there entries for July 8th?

16 A. Yes.

17 Q. Are there entries for July 10th?

18 A. Yes.

19 Q. And are there entries for July 16th?

20 A. Yes.

21 Q. If we could go back to Government Exhibit 7009,

22 Mr. Chang-Frieden.

23 Did Mr. Atilla's e-mail to you say anything about any  
24 transactions pertaining to gold after June 10th, 2013?

25 A. No.

HCCPATI2

Szubin - Direct

1 Q. Let's talk about your next communication with Mr. Atilla,  
2 and I'd like to direct your attention to October 29th, 2013.  
3 Did you speak with anyone from Halkbank on that day?

4 A. I believe so.

5 Q. Who did you speak with?

6 A. I believe Mr. Atilla, but again, it's hard for me to recall  
7 conversations matched to dates.

8 MR. DENTON: Mr. Chang-Frieden, if we could put up  
9 what is in evidence as Government Exhibit 7021. If we can go  
10 to the next page, please.

11 Q. Who did you speak with on that day?

12 A. Mr. Atilla.

13 Q. Now, starting at the top here with the subject of gold  
14 sales, what did you discuss with Mr. Atilla about gold sales on  
15 that day?

16 A. I cited Turkish customs data showing that while there was a  
17 significant decline in Turkish gold sales to Iran, there did  
18 seem to be continued exports from Turkey to Iran in July and  
19 August of this year, which would have been after the U.S.  
20 sanctions went into effect that made that type of transaction  
21 sanctionable. So I was asking Mr. Atilla, is Halkbank involved  
22 in those payments.

23 Q. And what did he tell you?

24 A. He said that Halk was not involved, that they had ceased  
25 the facilitation of gold sales prior to July 1st.

HCCPAT12

Szubin - Direct

1 Q. And then, next, there's a discussion of securities  
2 transactions. Does this refer back to the issue that was  
3 referenced in your earlier letter, not the purchase of Turkish  
4 securities?

5 A. Yes.

6 Q. Moving down to the discussion of the humanitarian trade --

7 THE COURT: Oh, could I ask a question?

8 MR. DENTON: Of course, your Honor.

9 THE COURT: I can't find the place, but did you just  
10 say that where the overall gold sales were decreasing, there  
11 was evidence of gold sales?

12 THE WITNESS: Yes.

13 THE COURT: Is that evidence that you independently  
14 collected, or how did you know that?

15 THE WITNESS: So here, I'm citing Turkish customs  
16 data. They publish, like many countries, openly every month  
17 levels of trade with various countries, and Turkey had openly  
18 published in both July and August continued level of sales,  
19 though diminished, from Turkey to Iran.

20 THE COURT: Does it say who was involved in those  
21 sales?

22 THE WITNESS: No. It only goes to the level of the  
23 good, the country of origin and the country of destination.  
24 And so I was, here, asking is Halk involved in those sales.

25 THE COURT: I got it.

HCCPATI2

Szubin - Direct

1 BY MR. DENTON:

2 Q. Did Mr. Atilla make any representations about his  
3 understanding of who was involved in those purchases?

4 A. Yes. He said that Halk was not involved at all, and he  
5 speculated that any continued sale of gold to Iran probably  
6 didn't go through banks at all but was, instead, cash based and  
7 used jewelry merchants.

8 Q. So let's go down and talk about the humanitarian trade.  
9 What did Mr. Atilla tell you on October 29th about Halk's  
10 involvement in humanitarian trade?

11 A. Mr. Atilla told me that as of October 14th, Halk had told  
12 third-country exporters of food and medicine that Halk would no  
13 longer facilitate trade for them. Halk had already implemented  
14 this change for food and would be stopping to finance  
15 third-country medicine payments at the end of 2013.

16 Non-Turkish companies with a physical presence in Turkey, an  
17 affiliate or subsidiary; so if a Bayer or Johnson and Johnson  
18 had a subsidiary in Turkey, Halk would continue to allow them  
19 to use Halk for such sales, even if the goods weren't coming  
20 through Turkey.

21 Q. Did Mr. Atilla indicate what motivated this decision at  
22 Halkbank?

23 A. Yes. He indicated that the Turkish ministry of economy was  
24 concerned about the decreased level of Iranian funds at Halk,  
25 and wanted to be sure that remaining Iranian funds were

HCCPATI2

Szubin - Direct

1 prioritized for Turkish exports.

2 Q. Mr. Szubin, are you aware of any particular relationship  
3 between Halkbank and the Turkish government?

4 A. No.

5 Q. Moving down, what does Mr. Atilla indicate about the source  
6 of the funds and their remaining value at Halkbank?

7 A. He indicates that Halk believes current trade levels  
8 between Turkey and Iran are \$7 billion of imports from Iran; so  
9 that's Turkish purchases, would have been primarily oil or gas,  
10 and \$3 billion in exports from Turkey to Iran, both down from 9  
11 billion, leaving a \$4 billion annual balance in Iran's favor.

12 Q. And what was your understanding of what it meant to refer  
13 to a \$4 billion annual balance in Iran's favor?

14 A. Well, those would have been additional funds left over in  
15 Turkey that Turkey -- that Iran could use for bilateral trade  
16 or for humanitarian purchases.

17 Q. If we could go to the last page, Mr. Chang-Frieden.

18 And again, here, what did Mr. Atilla tell you about  
19 Iran's imports and their affect on those numbers?

20 A. Mr. Atilla estimated that Iran's imports of food and  
21 medicine totaled \$10 billion and \$5 billion, respectively,  
22 annually. Halk did not state the value of the third-country  
23 trade that it was facilitating for Iran, but the Turkish  
24 government had expressed concern that this type of  
25 third-country trade would overwhelm Turkish trade and eat up

HCCPATI2

Szubin - Direct

1 the surplus in the CBI account.

2 Q. Did Mr. Atilla propose any methods for addressing any  
3 deficiencies in the CBI account?

4 A. Yes. He proposed two possibilities. One was to move  
5 escrowed funds, which here are referred to as locked-up sale  
6 surpluses, to a special purpose account at Halk to be used for  
7 humanitarian trade.

8 The second would be to allow for Halk to facilitate  
9 third-country purchases of Iranian oil to allow for more money  
10 to come into the Iranian accounts at Halk.

11 Q. And what did you indicate you would do with respect to  
12 those proposals?

13 A. I would take them back for review and get back to Halk to  
14 continue the discussion.

15 Q. Did you, in fact, have further communications with  
16 Mr. Atilla about that subject?

17 A. I believe so.

18 MR. DENTON: Mr. Chang-Frieden, if we could show  
19 Mr. Szubin what's been marked for identification as Government  
20 Exhibit 7015.

21 Q. Mr. Szubin, do you recognize this?

22 A. Yes.

23 Q. Without getting into the content, what is it?

24 A. An e-mail chain between Mr. Atilla and myself.

25 Q. And generally, what does it pertain to?

HCCPAT12

Szubin - Direct

1 A. Indian oil purchases from Iran.

2 MR. DENTON: Your Honor, the government offers  
3 Government Exhibit 7015.

4 MR. ROCCO: No objection, your Honor.

5 THE COURT: I'll allow it.

6 (Government's Exhibit 7015 received in evidence)

7 BY MR. DENTON:

8 Q. So let's start with the first e-mail in the chain. What is  
9 this e-mail, Mr. Szubin?

10 A. This is an e-mail from Mr. Atilla to me dated  
11 November 13th, 2013.

12 Q. And what is he telling you in this e-mail?

13 A. He's attaching a wire story, a news story that reports that  
14 Iran was asking Indian refiners to pay for Iran's oil in Euros  
15 via Halkbank.

16 Q. And was that an issue that was a source of concern for  
17 OFAC?

18 A. If true, it would have been, and the article asserts that  
19 the National Iranian Oil Company said Halkbank was ready to  
20 restart oil payments for India.

21 Q. And what did Mr. Atilla tell you about that representation  
22 in the article?

23 A. He says it's not true. He says: We have seen the news  
24 today. We would like to inform you that Halkbank did not take  
25 any decision to accept Indian payments.

HCCPATI2

Szubin - Direct

1 Q. If we could go to the e-mail above that and show how you  
2 responded.

3 How did you respond to Mr. Atilla?

4 A. I said: Thank you for your note. That is good to know.

5 Q. And did you discuss other issues that you had previously  
6 raised with him?

7 A. Yes. So I said, thank you for your patience on the  
8 questions he had posed to me in our telephone call. I said  
9 that, as a general matter, U.S. government policy supports the  
10 export of food, medicine and medical devices to Iran. In the  
11 course of recent negotiations -- so that refers to U.S.  
12 discussions with Iran -- we, the U.S. government, have received  
13 input from the government of Iran about their financing of  
14 humanitarian transactions. We expect to learn more over the  
15 coming week and would hope to get back to you once we have more  
16 information.

17 Q. And you noted here that the sanctions do not generally  
18 prohibit transactions in support of legitimate trade in these  
19 goods; is that right?

20 A. That's right.

21 Q. So just to close the loop, if we can look at the top e-mail  
22 and see how Mr. Atilla responded to you. And what was the date  
23 of this e-mail chain, Mr. Szubin?

24 A. December 5, 2013.

25 Q. That's a little more than a month after your phone call?

HCCPAT12

Szubin - Direct

1 A. I believe the phone call was in October; so yes.

2 Q. Continuing in the same vein, I'd like to show you what's  
3 been marked for identification as Government Exhibit 7016. Do  
4 you recognize that?

5 A. Yes.

6 Q. What is it?

7 A. This is an e-mail from Mr. Atilla to me dated April 30th,  
8 2014.

9 Q. And generally speaking, what does it pertain to?

10 A. Iranian-Indian payments.

11 Q. Is that the same subject that was discussed in Government  
12 Exhibit 7015?

13 A. Is that the previous chain we were looking at?

14 Q. Yes.

15 A. Yes.

16 MR. DENTON: The government offers Government  
17 Exhibit 7016.

18 MR. ROCCO: No objection, your Honor.

19 THE COURT: I'll allow it.

20 (Government's Exhibit 7016 received in evidence)

21 BY MR. DENTON:

22 Q. Mr. Szubin, can you tell us what Mr. Atilla is informing  
23 you about in this message?

24 A. He says that Indian and Iranian parties have approached  
25 Halkbank asking Halk to intermediate humanitarian payments, but

HCCPATI2

Szubin - Direct

1 that Halk had sent an e-mail to the Indian parties that he  
2 wanted me to see.

3 Q. And what did that message say?

4 A. So Halkbank's quoted e-mail to the Indian party said Halk  
5 had been receiving inquiries requesting to mediate, I guess  
6 intermediate, humanitarian -- I'm sorry, crude oil payments  
7 made by India to Iran. However, due to the current  
8 international sanctions, we are unable to mediate financial  
9 transactions related to the crude oil purchase of third  
10 countries from Iran.

11 Therefore, we are not in a position to receive funds  
12 from the accounts of Indian oil companies to the accounts of  
13 the Central Bank of Iran held with us. On the other hand, we  
14 are glad -- this is Halk still talking -- to state that we are  
15 ready to accept the already accumulated funds of Iran held at  
16 your counters, into the accounts of CBI at Halkbank. Those  
17 funds will be available to be used just for the payments of  
18 transactions related to the sales of humanitarian need items,  
19 i.e. food, medicine, medical devices and agricultural products  
20 to Iran.

21 Q. Just to be clear, what was the date that Mr. Atilla sent  
22 you this e-mail?

23 A. April 30th.

24 Q. Was this issue of bringing Iranian funds into Halkbank  
25 still a concern in April of 2014?

HCCPAT12

Szubin - Direct

1 A. Yes.

2 Q. And, again, why was that?

3 A. Because the U.S. had sanctions that pertained to the  
4 movement of Iranian oil funds, or Central Bank of Iran funds,  
5 internationally.

6 Q. You mentioned earlier that some of your initial discussions  
7 with Mr. Atilla were motivated by concerns about Halkbank; is  
8 that right?

9 A. Yes.

10 Q. What did it indicate to you, in light of those concerns,  
11 that Mr. Atilla was raising this prospect of bringing Iranian  
12 funds into Halkbank?

13 MR. ROCCO: Objection, your Honor.

14 THE COURT: I'll allow it.

15 MR. ROCCO: "Indicate to you."

16 THE COURT: I'll allow it.

17 A. So the baseline level of concern that we had vis-a-vis  
18 Halkbank, was still in place, and we approached any  
19 conversation with Halkbank officials through that light.

20 Q. And specifically, how did that effect your view of this  
21 particular proposal with respect to third-country funds coming  
22 into Halkbank?

23 A. We were skeptical about whether this is something that  
24 should be allowed.

25 THE COURT: Why?

HCCPAT12

Szubin - Direct

1                   THE WITNESS: Because we had concerns that Halkbank  
2 might not be taking the appropriate precautions such that they  
3 would verify these were indeed going for humanitarian  
4 transactions only.

5 BY MR. DENTON:

6 Q. And you've discussed a number of representations that  
7 Mr. Atilla made to you about the precautions that Halkbank was  
8 going to take. In view of those representations, what led you  
9 to have this ongoing concern?

10 A. Of course, there's always the risk that a foreign party  
11 isn't dealing with you in good faith and that they're saying  
12 they're going to take special precautions but, in reality,  
13 they're not.

14                   MR. DENTON: Nothing further, your Honor.

15                   THE COURT: Do you want to take a five-minute break,  
16 and then we'll go to the cross?

17                   (Jury not present)

18                   (Recess)

19                   (Jury present)

20                   THE COURT: Please be seated. We're trying to warm  
21 the place up a little. Not possible. I mean, we're trying.

22                   THE DEPUTY CLERK: I'd just like to remind you that  
23 you're still under oath.

24                   THE WITNESS: Thank you.

25                   MR. ROCCO: Your Honor, may I proceed?

HCCPAT12

Szubin - Cross

1 THE COURT: Yes.

2 CROSS-EXAMINATION

3 BY MR. ROCCO:

4 Q. Good morning, Mr. Szubin.

5 A. Good morning.

6 Q. My name is Victor Rocco. I represent Hakan Atilla.

7 Is it correct, Mr. Szubin, that prior to your  
8 testimony here today, you met with representatives of the U.S.  
9 Attorney's Office in preparation for your testimony?

10 A. Yes.

11 Q. And how many meetings did you have with the prosecutors?

12 A. I believe four or five.

13 Q. And where did those meetings take place?

14 A. Two took place at the Department of Justice office  
15 building, and two took place in the offices of the law firm I  
16 work with in Washington.

17 Q. Okay. So the government came on -- I'm sorry. There were  
18 four meetings in total?

19 A. That's what I recall, yes.

20 Q. How about telephone conferences?

21 A. Yes, a few short telephone calls as well.

22 Q. And how long did your meetings last, each meeting?

23 A. Typically, about an hour.

24 Q. And your telephone conferences?

25 A. Those could be a few minutes or ten minutes, sometimes

HCCPAT12

Szubin - Cross

1 something like travel, how I was getting up here, making sure  
2 the logistics were covered.

3 Q. When you say the Department of Justice building, you mean  
4 the Department of Justice building in DC, correct?

5 A. Yes, but they have several office buildings in DC.

6 Q. Right. And your office is in DC, as well?

7 A. Yes, sir.

8 Q. So the prosecutors came to meet with you; am I correct?

9 A. Yes.

10 Q. And when you met with the prosecutors, you discussed the  
11 transactions that have been the subject of your testimony here  
12 today; is that correct?

13 A. The conversations?

14 Q. The conversations and -- well, conversations can be  
15 transactions. If it's conversations -- yes, the conversations  
16 that you've testified to today?

17 A. Yes.

18 Q. And the e-mails, the letters, the cables or memoranda of  
19 meetings; am I correct?

20 A. Yes, exactly.

21 Q. Those are all documents that you reviewed with the  
22 government in the course of the four meetings that you had and  
23 the few telephone conferences that you had; am I correct?

24 A. Yes.

25 Q. Now, when you refer to certain of the documents that have

HCCPATI2

Szubin - Cross

1 been identified and moved into evidence here this morning, you  
2 were familiar with them and you had reviewed them? Those are  
3 documents that you had reviewed in the course of your  
4 preparation for your testimony here today, correct?

5 A. Yes.

6 Q. And you and I have never met before; is that correct?

7 A. Yes.

8 Q. We never had any conversations about this case, correct?

9 A. Correct.

10 Q. So when OFAC -- and you were the director of OFAC, I think  
11 you testified, before you became acting undersecretary and  
12 acting secretary? You were director of OFAC for nine years; am  
13 I correct in that?

14 A. Yes.

15 Q. So when OFAC representatives interact with foreign banks, I  
16 believe you testified that there were some records made of  
17 those interactions, correct?

18 A. Yes.

19 Q. And by the way, prior to your meetings with foreign bank  
20 officials, is it fair that you prepare for the meetings?

21 A. Yes.

22 Q. And tell me, what steps would you take, typically, in  
23 preparation for a meeting with a foreign bank?

24 A. I would typically talk with my staff about what we wanted  
25 to cover, what were the key points we wanted to deliver, how

HCCPATI2

Szubin - Cross

1 we'd respond to anticipated questions that could come up.

2 Q. Now, your dealings over the years with Halkbank,  
3 specifically, how would you prepare for those meetings?

4 A. In that same way.

5 Q. Would you talk to Mr. Cohen, who was your superior at  
6 Treasury at that time?

7 A. Yes.

8 Q. Did you talk to him before every meeting that you had with  
9 representatives of Halkbank?

10 A. Probably, but I can't remember now, with accuracy, to say  
11 for sure.

12 Q. Well, there was a -- is it fair to say that there was a  
13 continuing dialogue between you and Mr. Cohen about Halkbank?

14 A. Yes.

15 Q. And that went on for a number of years?

16 A. Yes.

17 Q. And can you tell me when that continuing dialogue started,  
18 roughly what year?

19 A. Probably 2011.

20 Q. And lasted until you and/or Mr. Cohen left Treasury?

21 A. At some point, we get to the Iran deal, the joint  
22 comprehensive plan of action, which renders a lot of these  
23 issues moot because the secondary sanctions are lifted.

24 Q. And that, the secondary sanctions, were lifted effectively  
25 when?

HCCPAT12

Szubin - Cross

1 A. That would be the implementation day of the agreement; so I  
2 don't want to get the dates wrong, but that happens before I  
3 leave Treasury. So that's about 2016, January 2016.

4 Q. And in your ongoing dialogue with Mr. Cohen, did you  
5 discuss the problems that I believe you say you were having  
6 with Halkbank over the years?

7 A. Yes.

8 Q. And did you discuss the specifics of the problems with  
9 Mr. Cohen?

10 A. Yes.

11 Q. Now, are you familiar with the structure of Halkbank?

12 A. No, not in any detail.

13 Q. Are you familiar with the ownership of Halkbank?

14 A. No.

15 Q. Do you know that it's a state-owned bank, 51 percent owned  
16 by the Turkish government?

17 A. I don't know that.

18 Q. And in the course of your preparation for meetings with  
19 Halkbank, did you ever discuss the structure of the bank, the  
20 way the bank is organized?

21 A. No.

22 Q. Did you ever discuss the management structure of the bank?

23 A. I'm not sure I'm following, I'm sorry.

24 Q. I'll rephrase it, sorry.

25 So did you ever discuss who held what position with

HCCPAT12

Szubin - Cross

1 Halkbank?

2 A. We were doing regular calls and meetings, as I was talking  
3 about earlier, with the director general, the deputy director  
4 general. So in that sense, it would come up, but I don't  
5 recall a meeting specifically about their org chart or  
6 structure.

7 Q. Do you know how many -- do you know who the general manager  
8 of Halkbank was in the period that you were dealing with the  
9 bank between 2009 and, let's say, 2015? Let me be specific.

10 A. I believe it's the Mr. Aslan that we were talking about  
11 earlier.

12 Q. And did you ever meet with anyone other than Mr. Aslan who  
13 identified himself or herself as the general manager of the  
14 bank?

15 A. No.

16 Q. You had meetings with Mr. Aslan?

17 A. Yes.

18 Q. And how about Mr. Atilla, how many times -- in your  
19 meetings with Mr. Atilla, you understood him to be the deputy  
20 general manager of the bank?

21 A. Yes.

22 Q. Do you know if there's more than one deputy general manager  
23 of the bank?

24 A. I don't believe there is or was.

25 Q. I'm sorry?

HCCPAT12

Szubin - Cross

1 A. I did not, at the time, believe that there was a second or  
2 a third deputy general manager.

3 Q. If I told you that there were eight deputy general managers  
4 of the bank, would that surprise you?

5 MR. DENTON: Objection.

6 A. As I said at the outset, I was not conversant with the org  
7 structure of Halkbank. He was the deputy that we dealt with.

8 Q. And is it fair to say that you made no effort to  
9 familiarize yourself with the structure or organization of  
10 Halkbank; is that correct?

11 A. I suppose. I mean, we would have made sure that we were  
12 dealing with responsible officials who could speak for the  
13 bank.

14 Q. So let's go back to the discussion we were having about  
15 memos. Am I correct that when you contact the bank, you or  
16 someone under -- in your charge at OFAC, that a memorandum is  
17 made of that contact?

18 A. Yes.

19 Q. And the memorandum is based on notes that are taken at the  
20 time of the contact; am I correct?

21 A. Also, the fresh recollections of the conversation by the  
22 participants.

23 Q. Well, the memoranda are a combination of notes and  
24 recollection; am I correct?

25 A. Yes.

HCCPAT12

Szubin - Cross

1 Q. And the memoranda are prepared roughly at the time that the  
2 meetings occur?

3 A. Yes.

4 Q. And the memoranda -- it's important that the memoranda be  
5 accurate and complete; am I correct?

6 A. Yes.

7 Q. And I think you testified that in the course of your  
8 duties, that you would receive memoranda of meetings or  
9 telephone conferences, and you would review them; am I correct?

10 A. Yes. I think those questions went to a formal cable coming  
11 back from the embassy, and I said I do generally review those.

12 Memoranda of meetings that I participated in, yes, I had the  
13 practice of generally reviewing those.

14 Q. And does that include the cables, as well?

15 A. Yes.

16 Q. And you reviewed them for accuracy?

17 A. Yes.

18 Q. And you reviewed them for completeness, correct?

19 A. Yes.

20 Q. And would you make changes to the memoranda or the cable?

21 A. Sometimes, yes.

22 Q. And the cable or memoranda would be corrected to reflect  
23 those changes; am I correct?

24 A. Yes.

25 Q. And in the course of your meetings with representatives

HCCPAT12

Szubin - Cross

1 from Halkbank, is it fair to say that you took notes?

2 A. Yes.

3 Q. If you were the meeting leader, would you take notes?

4 A. Usually, but those notes were not typically the best record  
5 of what would happen in a meeting where I was the main  
6 participant from the U.S. government because it's hard to take  
7 notes carefully while you're also talking and listening.

8 Q. Would you designate someone at the meeting to take notes?

9 A. Yes.

10 Q. And so there would be, it would be fair to say, a  
11 designated note taker at all the meetings that you had with  
12 Halkbank; am I correct?

13 A. Yes.

14 Q. And the designated note taker would take -- would that  
15 person also be the person that was responsible for drafting the  
16 cable or the memorandum of the meeting?

17 A. Generally.

18 Q. And that would be based, as you said earlier, in part on  
19 the notes that were taken by the designated note taker and the  
20 designated note taker's recollection of the conversation,  
21 correct?

22 A. That's right.

23 Q. And when you were at a meeting and you took notes and there  
24 was a designated note taker at the meeting, did you give your  
25 notes to the designated note taker as he was preparing or she

HCCPAT12

Szubin - Cross

1 was preparing the memoranda?

2 A. No.

3 Q. So that you would receive the memorandum that would be  
4 based on the notes and the recollection of the designated note  
5 taker; am I correct?

6 A. Yes.

7 Q. And you would review it, and you would compare that  
8 memorandum with your notes of the meeting; is that correct?

9 A. And my recollection, yes.

10 Q. And then you would make -- if necessary, you would make  
11 changes?

12 A. Yes.

13 Q. So, again, the question is, is it fair to say that the  
14 notes and the memoranda -- I'm sorry, the memoranda of your  
15 meetings with foreign banks, foreign financial institutions,  
16 were important to be accurate; am I correct?

17 A. Yes.

18 Q. And to the best of your recollection, is it fair to say  
19 that those memoranda are accurate?

20 A. That seems a little open ended, but --

21 Q. It is actually intended to be open ended. To the best of  
22 your knowledge, as you sit here today?

23 MR. DENTON: Your Honor --

24 A. You're asking about all records of all meetings that I had  
25 at Treasury, are they correct?

HCCPATI2

Szubin - Cross

1 Q. No. I'm asking specifically about the meetings with  
2 Halkbank.

3 A. Oh.

4 THE COURT: That he was involved in?

5 MR. ROCCO: Absolutely, your Honor.

6 A. Yes, yes.

7 Q. Now, if there is an important matter that's not in a  
8 memorandum, is it fair to say that it didn't occur so that if  
9 there is a significant omission -- that's a terrible question.  
10 I'll withdraw it.

11 MR. ROCCO: Thank you, your Honor. It's the unwritten  
12 record.

13 THE COURT: Well, you're learning.

14 MR. ROCCO: Now, I keep plugging at it, Judge.

15 Q. Let's talk a little bit about Mr. Atilla and your  
16 interactions with him over the years. What's your earliest  
17 recollection of meeting Mr. Atilla? When did you first meet  
18 him?

19 A. I believe towards the end of 2011.

20 Q. And I believe your testimony on direct was that you met him  
21 two or three times over the years; is that correct?

22 A. In person, yes.

23 Q. In person. And these meetings, they were, again, where?  
24 Where did your meetings with Mr. Atilla occur? And you can do  
25 it one by one if it was different locations.

HCCPAT12

Szubin - Cross

1 A. Yes, so it would have been either in Washington at the  
2 Treasury Department offices, or in Turkey at Halkbank's  
3 offices.

4 Q. Do you have a specific recollection of ever meeting with  
5 Mr. Atilla in Washington?

6 A. I believe so.

7 Q. And do you have a specific recollection of meeting with  
8 Mr. Atilla at Halkbank?

9 A. Yes.

10 Q. And do you have a specific recollection of meeting  
11 Mr. Atilla at the U.S. embassy in Istanbul?

12 A. No.

13 Q. Did you meet with him in the Turkish embassy here in the  
14 United States?

15 A. No.

16 Q. So the meetings were at Halkbank or at Treasury?

17 A. Yes.

18 Q. And when you met with Mr. Atilla, these were group  
19 meetings?

20 A. Yes.

21 Q. Aside from the pull-aside that you referenced earlier, did  
22 you ever meet with Mr. Atilla one-on-one, where it was just you  
23 and Mr. Atilla at a meeting?

24 A. Just that one time.

25 Q. Did you socialize with him ever?

HCCPAT12

Szubin - Cross

1 A. No.

2 Q. Did you ever have, aside from that one one-on-one  
3 discussion that you had -- you testified earlier that you had  
4 with Mr. Atilla, did you ever engage him in any kind of social  
5 dialogue?

6 A. No.

7 Q. So your exposure to Mr. Atilla was on two or three  
8 occasions; am I correct?

9 THE COURT: Face-to-face?

10 A. In person.

11 Q. Face-to-face?

12 A. Yes.

13 MR. ROCCO: Thank you, Judge. As I say, I'm still  
14 trying.

15 Q. And these meetings lasted how long?

16 A. Typically an hour or more; so it could be 90 minutes, it  
17 could be two hours.

18 Q. And in these meetings that ran an hour or more, 90 minutes  
19 or two hours, it's fair to say that other people were present,  
20 correct?

21 A. Yes.

22 Q. And in these meetings, did other people speak?

23 A. Other than the two principals?

24 Q. Other than yourself and Mr. Atilla.

25 A. Perhaps. The primary people talking would have been myself

HCCPATI2

Szubin - Cross

1 and Mr. Atilla.

2 Q. Do you recall meetings that you attended with Mr. Atilla  
3 and with Mr. Aslan?

4 A. Yes.

5 Q. And in meetings that Mr. Atilla attended with Mr. Aslan,  
6 did Mr. Aslan speak?

7 A. Yes.

8 Q. In those meetings, is it fair to say that Mr. Aslan was the  
9 principal participant?

10 A. Yes.

11 Q. And how many times did you meet with Mr. Aslan and  
12 Mr. Atilla both?

13 A. I believe twice.

14 Q. Okay. So there's only one occasion, then, where  
15 Mr. Aslan -- where Mr. Atilla was present with you and  
16 Mr. Aslan was not, correct?

17 A. I believe so. It's certainly true for the meeting I had  
18 with him in Turkey.

19 Q. Would it be fair to say that you don't know Mr. Atilla very  
20 well?

21 A. At a personal level, no, I don't know him.

22 Q. At all, is that fair to say, on a personal level?

23 A. I don't know him at all on a personal level, yes.

24 Q. So is it also fair to say that you can't tell, or you don't  
25 know, whether Mr. Atilla is a nervous-type person; am I

HCCPAT12

Szubin - Cross

1 correct?

2 A. Correct.

3 Q. So when you say that Mr. Atilla exhibited nervous  
4 characteristics during meetings with you, how do you know that  
5 Mr. Atilla was nervous?

6 A. That could -- he could have those nervous characteristics  
7 all the time, I wouldn't know.

8 Q. Right. And you said it was not -- it was not unusual for  
9 banking officials, and I'm sure you don't take it personally,  
10 to be nervous in your presence; is that correct?

11 A. That's correct.

12 Q. That's because when you had these meetings, in part, you  
13 were the principal focus of the meeting, correct?

14 A. Yes.

15 Q. You were imparting information about U.S. sanctions,  
16 correct?

17 A. Yes.

18 Q. You were imparting information about what is, in fact, a  
19 pretty complicated set of rules; am I correct?

20 A. Yes.

21 Q. And these rules are important to the banks that you would  
22 meet with, banking officials that you would meet with; am I  
23 correct?

24 A. Yes.

25 Q. Because the banking people that you would meet with wanted

HCCPAT12

Szubin - Cross

1 to access -- continued access to the U.S. financial system; am  
2 I correct?

3 A. Correct.

4 Q. It was very important to them, correct?

5 A. Yes.

6 Q. And if they were cutoff from the U.S. financial system, it  
7 would be pretty much the equivalent of a death sentence to a  
8 foreign financial institution in these days; is that correct?

9 A. Depending on the institution but, yes, for instance --

10 Q. How about for Halkbank?

11 A. For Halk, yes.

12 Q. So these were important meetings, correct?

13 A. Yes.

14 Q. And is it fair to say that Halkbank was important to the  
15 sanctions enforcement effort of the U.S., Iranian sanctions  
16 enforcement to the U.S.?

17 A. I'm sorry, what do you mean by "important"?

18 Q. Important in the sense that U.S. officials, Treasury  
19 officials like yourself, were looking for Halkbank's  
20 cooperation?

21 A. It was viewed as a significant concern by Treasury  
22 Department officials with respect to Iran sanctions.

23 Q. And is it fair to say that you made that imperative or that  
24 need clear to the people that you meet with at Halkbank?

25 A. No, I'm not following you again.

HCCPAT12

Szubin - Cross

1 Q. I'll put the question differently, or maybe move to a  
2 different question.

3 So in your meetings with Halkbank, when you met with  
4 Mr. Atilla and Mr. Aslan, you would discuss matters that  
5 Treasury was particularly interested in with respect to the  
6 sanctions regime; is that correct?

7 A. Yes.

8 (Continued on next page)

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HCC3ATI3

Szubin - Cross

1 Q. You would discuss changes in the sanctions regime as the  
2 sanctions changed from time to time; is that correct?

3 A. Yes.

4 Q. By the way, is it fair to say that Mr. Aslan spoke English  
5 as well as Mr. Atilla?

6 A. I don't recall the level of Mr. Aslan's English as well.  
7 But the meetings we had with him were also done in English,  
8 yes.

9 Q. Is it fair to say that both Mr. Aslan and Mr. Atilla speak  
10 with heavy accents? Speak English with heavy accents?

11 A. I was able to understand Mr. Atilla fairly well.

12 Q. Did he speak with a heavy Turkish accent?

13 A. So, I would say with a Turkish accent, but not heavy.

14 Q. So, let's talk about some of the meetings that you had --  
15 before I leave Halkbank.

16 Did you ever speak to a legal representative of  
17 Halkbank? Did you ever speak to a lawyer who represented  
18 Halkbank?

19 A. In other words, was there a lawyer at the group meetings  
20 that I had with Halkbank?

21 Q. I'll start with that question. My question was a little  
22 broader, but that's a good question. Did you -- was a lawyer  
23 present at the meetings that you had with Halkbank?

24 A. I don't know.

25 Q. Were you, did you ever talk to someone who identified

HCC3ATI3

Szubin - Cross

1 himself or herself as a lawyer for Halkbank?

2 A. It could be. I don't know. In other words, at the  
3 beginning of those meetings, people would introduce themselves  
4 and often hand over business cards. But my focus would have  
5 been on Mr. Atilla or Mr. Aslan.

6 Q. My question is --

7 THE COURT: Do you know if either of them is a lawyer?

8 THE WITNESS: I don't know.

9 MR. ROCCO: That's a good question, thank you. I was  
10 getting there, Judge.

11 THE COURT: Has to say it is a good question if I ask  
12 it.

13 MR. ROCCO: Of course.

14 Q. My question was, did anybody identify themselves as a  
15 lawyer? As you sit here now, do you recall anybody identifying  
16 himself or herself as a lawyer?

17 A. I don't recall that. But what I'm also telling you is I  
18 don't recall the jobs that people identified themselves as  
19 having.

20 Q. In the course of your dealings with Halkbank, did you ever  
21 come to learn whether Halkbank has a legal department?

22 A. Not that I recall.

23 Q. Let's talk about some of the meetings that you had with  
24 Mr. Atilla. And if I can direct you to, ask Mr. White to pull  
25 up Government Exhibit 7020.

HCC3ATI3

Szubin - Cross

1           By the way, when you testified earlier to Mr. Atilla's  
2 nervousness at meetings with you, was that at one meeting that  
3 you have a distinct recollection of him being nervous or was it  
4 at more than one meeting?

5 A. That recollection pertains primarily to the February 2013  
6 meeting that I had with him. And then in sort of heightened  
7 nervousness in our pull aside meeting that was one-on-one. But  
8 that's on the same day.

9 Q. Right. Those both were February 12, 2013, correct?

10 A. Correct.

11 Q. You don't recall Mr. Atilla being nervous prior to that  
12 February 12, 2013 meeting, do you?

13 A. That's what stands out for me is the February 2013 meeting.

14 Q. Let's talk about that meeting. Can I ask you, this is in  
15 evidence, so why don't we publish it to the jury. I'm going to  
16 direct your attention to the first page of the document.

17           So, what is this?

18 A. This is a State Department writeup or cable from my  
19 meetings in Turkey.

20 Q. We know that it is a State Department cable how?

21 A. The headers where it says from American Embassy Ankara.

22 Q. Is it fair to say when we see a document like this with  
23 that kind of a header, we can assume that it is a State  
24 Department document, in this instance a State Department  
25 document from the American Embassy in Ankara?

HCC3ATI3

Szubin - Cross

1 A. Yes.

2 Q. Do you know who prepared this document?

3 A. Typically it would be the control officer assigned to my  
4 delegation, so it would be a foreign service officer in our  
5 embassy in Ankara who worked for either the political or the  
6 economic section.

7 MR. ROCCO: Mr. White, if we can go to the first page  
8 of the document.

9 Q. And I'll ask you to just, if you will, skim it or read it,  
10 and tell me if Mr. Atilla's name appears anywhere on that page.  
11 In fact, I'm going to ask you do it for the entire document.  
12 Point out if you can find it where Mr. Atilla's name appears.

13 A. I don't see Mr. Atilla's name.

14 Q. Can we go to the second page.

15 A. I don't see his name.

16 Q. Can we go to the third page.

17 A. Again, I don't see his name.

18 Q. Can we go to the end.

19 A. I don't see his name.

20 Q. So it is fair to say his name is not mentioned there at  
21 all; am I correct?

22 A. In the unredacted sections, that's correct.

23 Q. We don't know what's in the redacted sections.

24 A. Correct.

25 Q. And we don't know why the sections are redacted. Do you?

HCC3ATI3

Szubin - Cross

1 A. I don't. I wasn't responsible for these redactions.

2 Q. By the way, at the end of the cable, there is a name  
3 Ricciardone?

4 A. Yes.

5 Q. That is the United States ambassador?

6 A. It was at the time, yes.

7 Q. Let's go back into the document if we can. Now, we agree  
8 that this is an important document, correct?

9 A. I had said that I agreed that this would be a reliable  
10 record of the meeting.

11 Q. With whom?

12 A. With Mr. Atilla and Halkbank.

13 Q. But Mr. Atilla's not referenced here; is that correct?

14 A. Yes.

15 Q. This is a meeting where you had the pull aside with  
16 Mr. Atilla; am I correct?

17 A. Yes.

18 Q. Do we need to go through it line by line, page by page, to  
19 find a reference to the pull aside?

20 Is the pull aside, in other words, is the pull aside  
21 referenced in this document in any place?

22 A. No, it is not.

23 Q. Is there any document that you are aware of that references  
24 the pull aside, Mr. Szubin?

25 A. I don't think so. No.

HCC3ATI3

Szubin - Cross

1 Q. Is there any other document that as you sit here today  
2 relates to this meeting on February 12, 2013, with Halkbank?

3 A. I'm sure there are handwritten notes from that meeting from  
4 various participants.

5 Q. Did you do handwritten notes of that meeting?

6 A. Yes.

7 Q. Did you give the handwritten notes of that meeting to the  
8 government? To the prosecutor, the prosecution team?

9 A. Yes.

10 Q. And you did that during one of your prep sessions?

11 A. Yes.

12 MR. ROCCO: Mr. White, can you pull up Defense Exhibit  
13 220 not for the jury.

14 Q. I'm going to ask you to take a look at that document if you  
15 will, Mr. Szubin. And I want to ask you if you can identify  
16 it.

17 A. Yes.

18 Q. Is it a document that you've seen before?

19 A. Yes.

20 Q. Is it a document that you saw in preparation for your  
21 testimony here today?

22 A. I believe so, yes.

23 Q. Is it a document that you discussed with prosecutors in  
24 this case in preparation for your testimony here today?

25 A. I believe so.

HCC3ATI3

Szubin - Cross

1 Q. Now, you're familiar with the document?

2 A. Yes.

3 Q. Is what the document says, is it accurate?

4 A. This would generally be an accurate record. This is a  
5 record of a two-hour meeting with Halk that I did, done by my  
6 senior advisor at the time.

7 MR. ROCCO: Your Honor, I move Defendant's Exhibit 220  
8 into evidence.

9 MR. DENTON: No objection, your Honor.

10 THE COURT: I'll allow it.

11 (Defendant's Exhibit 220 received in evidence)

12 MR. ROCCO: Can we publish it for the jury.

13 Q. Can you tell us what the document is.

14 A. This is a record done by my senior advisor of the meeting  
15 we've talked about at Halkbank. Done that day. And it, it's  
16 basically the notes from the meeting.

17 Q. Right. And I'm going to ask you, is this document fresh in  
18 your mind? If it's not, take a moment and why don't you go  
19 through it. Peruse it and we can talk about it.

20 A. Okay.

21 Q. So, by the way, who is John Smith?

22 A. He was another senior official at OFAC at the time.

23 Q. The people that are copied on this document, Dennis Wood,  
24 Michael Dondarski, Yamam Fadl, and Susan Demske, David Tessler  
25 you already told us who he is.

HCC3ATI3

Szubin - Cross

1                   Are those other named individuals people who work or  
2 worked for OFAC at the time?

3 A. Yes.

4 Q. Can I ask you, does this memorandum in any way refer to the  
5 pull aside that you say you had with Mr. Atilla on February 12,  
6 2013?

7 A. No.

8 Q. It does not. And these are notes, whose notes? This  
9 reflects whose notes did you say?

10 A. David Tessler.

11 Q. At the time at the bottom of the memo, the last paragraph  
12 which is the sentence that says "Will write a more detailed  
13 readout when we get home. Not on BB but hopefully this is  
14 helpful."

15                   Was there, did Mr. Tessler or anyone else prepare a  
16 more detailed readout of this meeting?

17 A. I don't know. But, typically, Mr. Tessler or others who  
18 are on my delegation would work with the embassy staff and to  
19 get the formal readout cable that we talked about earlier and  
20 that we looked at earlier.

21 Q. I didn't mean to interrupt you.

22 A. That's fine.

23 Q. So, it would be fair to say that to the best of your  
24 recollection that the formal readout is what in effect has been  
25 referenced in Government Exhibit 7020, right; is that correct?

HCC3ATI3

Szubin - Cross

1 A. I'm sorry. You'll have to help me with the numbers.

2 MR. ROCCO: We can go back to 7020.

3 A. If that's the American Embassy cable, yes.

4 Q. That's the American Embassy cable that you and I just  
5 reviewed where I referenced Mr. Ricciardone's name at the end.

6 A. Yes, that would be the formal writeup of our meeting.

7 There might be another more detailed Treasury readout, but I  
8 haven't seen it or at least not recently.

9 Q. So, as far as you know, on the two documents that we've  
10 reviewed here today, there is no reference at all to either  
11 Mr. Atilla or to the pull aside; am I correct?

12 A. Correct.

13 Q. This pull aside occurred, as you say, now approaching five  
14 years ago, correct?

15 A. Yes.

16 Q. Fifth anniversary would be on 12 -- 2/12/2018. And in that  
17 time period, you obviously had more important meetings with  
18 Halkbank, correct? With representatives from Halkbank; am I  
19 correct?

20 A. More important than this?

21 Q. No. Additional important meetings. Not more important  
22 meetings. Thank you. Additional important meetings.

23 A. Yes.

24 Q. And you've met with, literally, I imagine, in that  
25 five-year period, hundreds of foreign financial institutions,

HCC3ATI3

Szubin - Cross

1 correct?

2 A. Probably more than 100, yes.

3 Q. Last time you met with representatives from Halkbank was  
4 when?

5 A. 2013, maybe the beginning of 2014.

6 Q. Do you recall meeting with representatives of Halkbank in  
7 2016 in January, February of 2016?

8 A. I don't.

9 Q. We'll come back to that.

10 Your last meeting with Mr. Atilla, is it fair to say  
11 then, as you sit here today, is in February of 2013; is that  
12 correct?

13 A. I don't think that's the last time we spoke.

14 Q. How about the last time you saw him?

15 A. Yes, it could be.

16 Q. In preparation for your testimony here today, you met with  
17 representatives of the United States attorney's office,  
18 correct?

19 A. Yes.

20 Q. And I think you said that you reviewed documents with them,  
21 including the cables and Mr. Tessler's notes; am I correct?

22 A. Yes.

23 Q. In the course of the meeting that you had with the  
24 prosecutors in August of 2017, of this year, do you have a  
25 recollection of talking to them about the pull aside?

HCC3ATI3

Szubin - Cross

1 A. You know, as with before, it's hard for me to remember  
2 which meetings with them I discussed it. But I did raise the  
3 pull aside with them, yes.

4 Q. Is it fair to say that you discussed the pull aside with  
5 them more than once?

6 A. Yes.

7 Q. Did you discuss the pull aside with them at each meeting  
8 that you had, each of the four meetings, face-to-face meetings  
9 that you had?

10 A. I don't think so, no.

11 Q. Did you discuss it with them on more than one occasion?

12 A. Yes.

13 Q. In the course of your discussing the pull aside, were you  
14 asked about who you pulled aside?

15 A. Yes.

16 Q. Do you recall saying that you pulled aside the chief  
17 executive officer of Halkbank in one of the prep sessions that  
18 you had with the prosecutors?

19 A. I don't recall saying that, but it's possible.

20 MR. ROCCO: Can we bring up government tab 2, 3513-24.

21 Q. Can you see it, Mr. Szubin?

22 A. Yes.

23 Q. Can you read it?

24 MR. DENTON: Objection.

25 Q. Not aloud. To yourself.

HCC3ATI3

Szubin - Cross

1 MR. ROCCO: Thank you, Mr. Denton.

2 Q. Directing your attention specifically to page two of these  
3 handwritten notes. We'll highlight a portion of it just in one  
4 moment. It is the last item on page two.

5 MR. ROCCO: Can we highlight that, Mr. White?

6 Q. Do you recognize, before we go to that specific topic, do  
7 you recognize the handwriting?

8 A. No.

9 Q. It's fair to say you never saw this before?

10 A. Yes.

11 Q. Can you read those roughly two lines in that memorandum or  
12 those -- in those notes?

13 A. I'm sorry, I've got five.

14 Q. Okay. So just direct your attention to the first two lines  
15 in the blow up.

16 MR. DENTON: To himself?

17 MR. ROCCO: To himself, of course.

18 A. Yes.

19 Q. Does that refresh your recollection that on August 3, 2017,  
20 you told the prosecution team here that the pull aside was with  
21 the CEO of Halkbank, not the deputy general manager of  
22 Halkbank?

23 A. So, this is what's recorded in the notes and that could  
24 well be what I said to them at the meeting.

25 Q. So, I'm asking you, do you recall telling the prosecutors

HCC3ATI3

Szubin - Cross

1       that, saying that it was the CEO, not the deputy general  
2       manager that you had the pull aside with?

3       A. No.

4       Q. Do you have any recollection of correcting -- you have no  
5       recollection of making that mistake; am I correct?

6       A. Correct.

7       Q. And it's fair to say that you have no recollection of ever  
8       having to correct that misrecollection for lack of a better  
9       word?

10           MR. DENTON: Objection.

11           THE COURT: Overruled.

12       A. I'm happy to address this.

13       Q. I just asked you a simple question.

14           THE COURT: What was the question?

15       Q. Do you have a recollection of making that statement to  
16       members of the prosecution team.

17       A. So, given that I had numerous --

18       Q. Just a yes or no.

19           THE COURT: He just wants to know if you remember  
20       saying that.

21       Q. Yes or no.

22           THE WITNESS: But I think he's also asking do I  
23       remember correcting it.

24           THE COURT: Trust me, I know what he's asking. He  
25       really would like you to say yes or no, whether you remember

HCC3ATI3

Szubin - Cross

1 saying that.

2 A. So, I remember at meetings with the assistant --

3 Q. Just yes or no, Mr. Szubin.

4 THE COURT: I know him very well.

5 A. I know. But I need to make sure that what I'm saying is  
6 accurate. And I want to give you an accurate answer.

7 Q. And I appreciate that. That's why I am asking for a simple  
8 yes or no. It is not a trick question.

9 A. So --

10 Q. Do you recall -- here's the question. Do you recall  
11 telling the prosecutors in this case that you had a pull aside  
12 on February 12, actually, this says February 13, 2013, with the  
13 CEO of Halkbank. Yes or no. You either remember it or you  
14 don't.

15 A. I remember telling them about a pull aside with a senior  
16 Halkbank official. I don't recall --

17 Q. That's not yes or no, Mr. Szubin.

18 A. Well, it doesn't --

19 Q. This doesn't say senior official from Halkbank. This says  
20 the CEO.

21 MR. DENTON: Objection, your Honor. He's reading from  
22 the document.

23 THE COURT: We got it. Just take it easy.

24 MR. ROCCO: Thank you, Judge.

25 THE COURT: We can probably get by this.

HCC3ATI3

Szubin - Cross

1                   MR. ROCCO: I think we're done with it. You can take  
2 it down, Mr. White. Thank you.

3 Q. By the way, the pull aside that you say took place in the  
4 February 12, 2013 meeting with Halkbank, do you recall using  
5 the words "pull the trigger"?

6 A. I don't recall how I framed the prospect of applying  
7 sanctions and whether I would have used that in the meeting.  
8 It sounds more informal than I would have used in a foreign  
9 bank meeting.

10 Q. Let's talk a little bit if we can about Reza Zarrab.  
11 You're familiar with Mr. Zarrab; am I correct?

12 A. I know of him, yes.

13 Q. In the course of your dealings with anyone from Halkbank,  
14 did you ever discuss Mr. Zarrab with anyone from Halkbank?

15 A. Not that I recall.

16 Q. Were you aware of the fact that Mr. Zarrab was associated  
17 with something known as Al Nafees Exchange?

18 A. Yes.

19 Q. Is it fair to say that you knew that Mr. Zarrab had an  
20 ownership interest in Al Nafees Exchange?

21 A. I believe so.

22 Q. Is it fair to say that Mr. Zarrab -- that Al Nafees  
23 Exchange was sanctioned?

24 A. Yes.

25 Q. Do you have a recollection of that? Do you have a

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Szubin - Cross

1 recollection of that happening in 2012?

2 A. I don't recall the date.

3 Q. Do you recall why Al Nafees Exchange was sanctioned?

4 A. I believe for helping Iran evade sanctions.

5 Q. Do you recall if it was fined as well as part of the  
6 sanction, whether a fine was levied against Al Nafees Exchange?

7 A. By the U.S. government?

8 Q. By the U.S. government.

9 A. I don't believe so.

10 Q. Are you aware of any fine being assessed against Al Nafees  
11 Exchange by any government?

12 A. No.

13 Q. Do you have a recollection of a fine being assessed and not  
14 being paid?

15 A. I don't recall.

16 Q. In your role as director of OFAC, were you aware of the  
17 fact that Reza Zarrab was investigated by Treasury Department  
18 at any time?

19 A. I'm not following the question.

20 Q. Well, are you aware of any Treasury Department  
21 investigation of Reza Zarrab?

22 A. Yes.

23 Q. When did you become aware of the fact that Reza Zarrab was  
24 under investigation by the Treasury Department?

25 A. I don't know the date for that.

HCC3ATI3

Szubin - Cross

1 Q. Is it fair to say -- can you give me an approximate date,  
2 roughly 2012, 2013?

3 A. Yes, that's fair.

4 Q. Are you aware of the fact that Mr. Reza was arrested in  
5 Turkey in 2013?

6 A. Yes.

7 Q. Are you aware that Mr. Reza was arrested in 2013 with  
8 Suleyman Aslan, who was the general manager of Halkbank?

9 A. I believe so.

10 Q. And are you familiar with what they were arrested for?

11 A. By the Turkish authorities?

12 Q. By the Turkish authorities.

13 A. I believe it's relating to a sanctions evasion scheme.

14 Q. When did you first become aware of the fact that Mr. Aslan  
15 and Mr. Zarrab were arrested by the Turkish authorities?

16 A. Reading the newspapers.

17 Q. That was back in roughly the time that the arrests  
18 occurred?

19 A. Yes.

20 Q. Would you think of that -- withdrawn.

21 At the time that you became aware of the fact that  
22 Mr. Aslan and Mr. Zarrab were arrested, did you have occasion  
23 to discuss the arrests or their prosecution by Turkish  
24 authorities with anybody else at Treasury Department?

25 A. I'm sure that I did.

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Szubin - Cross

1 Q. Do you have a specific recollection of talking to David  
2 Cohen about it?

3 A. No, but it's very likely that I did.

4 Q. Because that was a pretty significant event; am I correct?

5 A. Yes, yes.

6 Q. Tell me, what did you learn about the Turkish  
7 investigation?

8 MR. DENTON: Objection.

9 THE COURT: When?

10 MR. ROCCO: Back in 2013.

11 Q. The arrests in 2013. What did you learn?

12 A. I just recall learning about it through public reporting.  
13 I didn't have any behind-the-scenes conversation with Turkish  
14 authorities about their investigation.

15 Q. Did you talk to any American authorities about an  
16 investigation?

17 MR. DENTON: Objection.

18 THE COURT: Overruled.

19 A. In other words, did I talk to colleagues in the U.S.  
20 government about these arrests in the news? Yes.

21 Q. Who were the colleagues that you spoke with?

22 MR. DENTON: Objection.

23 THE COURT: Overruled.

24 A. I can't recall.

25 Q. You'll agree with me David Cohen was one of them; am I

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Szubin - Cross

1 correct?

2 A. What I said is I believe it's likely that I would have  
3 talked to him about it.

4 Q. So you have no specific recollection of that?

5 A. Correct.

6 Q. Do you have a recollection as you sit here today of having  
7 a conversation with anybody in the U.S. government about the  
8 arrest of Suleyman Aslan and/or Reza Zarrab in 2013?

9 A. I don't have a specific recollection.

10 Q. Well, it's significant, it was significant if they were  
11 arrested for sanctions evasion; am I correct?

12 A. Yes.

13 Q. And it would have been significant to OFAC's enforcement  
14 efforts here if Suleyman Aslan was arrested in 2013, am I  
15 correct, for sanctions evasion?

16 A. Yes.

17 Q. So what I'm trying to get to is what did OFAC do, if  
18 anything, following Mr. Aslan's arrest, following Mr. Zarrab's  
19 arrest, about contacting Halkbank, we'll start with, to discuss  
20 the arrests.

21 A. I don't recall what OFAC's response was to the arrests in a  
22 formal way.

23 Q. Did you have any response to it in a formal way?

24 A. No.

25 Q. As director of OFAC, would you have had a response to it in

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Szubin - Cross

1 a formal way?

2 THE COURT: What does that mean?

3 MR. ROCCO: I'm using his words, "formal way."

4 THE COURT: No. What did your question just say?

5 MR. ROCCO: I'll restate it, your Honor, or reframe  
6 it.

7 Q. Did you do anything as director of OFAC to learn about,  
8 aside from reading newspaper reports, did you do anything to  
9 actually learn about what happened in connection with  
10 Mr. Aslan's arrest in 2013?

11 A. So, the other sources I would have consulted about that  
12 would have been classified sources, which I'm not free to  
13 discuss.

14 Q. Well, did you contact -- let's stay away from classified  
15 sources. And just for the remainder of my questions, you can  
16 assume I have no interest in your contact with classified  
17 sources.

18 I want to know, if you can help me, what did you do in  
19 reference to the arrests? Did you contact Halkbank?

20 A. I don't believe so, no.

21 Q. Did you ever ask anyone at Halkbank what happened?

22 A. No.

23 Q. Did you ask anybody at Halkbank -- by the way, to speak a  
24 little more broadly, to your knowledge, did anybody from  
25 Treasury contact Halkbank and ask what happened?

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Szubin - Cross

1 A. I don't know.

2 Q. Did you direct anyone to do it?

3 A. No.

4 Q. So it's fair to say you did nothing to contact Halkbank,  
5 and you directed no one to contact Halkbank?

6 A. Correct.

7 Q. And any effort that you made to learn what happened you're  
8 saying would be, would involve contacting classified sources in  
9 government, correct?

10 THE COURT: I thought you were going to stay away from  
11 that.

12 Q. I'm not asking what the contact was. I'm not asking about  
13 any information that you learned.

14 A. Typically in a case where there is an ongoing law  
15 enforcement action, we're very sensitive about not getting in  
16 the way.

17 Q. Well, you mean an ongoing law enforcement action by U.S.  
18 authorities or an ongoing law enforcement action by Turkish  
19 authorities?

20 A. In this case Turkish authorities.

21 Q. So, what you're saying is that the United States stepped  
22 back to let Turkey proceed with an investigation in a matter  
23 that may have involved the United States' interests?

24 A. No. What I said is we at OFAC, that's the sanctions  
25 implementing office, would not in a situation like this, where

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Szubin - Cross

1 a foreign government is stepping in through criminal means to  
2 investigate a case, we would not be calling the bank's  
3 officials to ask about it.

4 Q. Okay. So, did there come a time that you learned that the  
5 criminal case in Turkey was dismissed?

6 A. Yes.

7 Q. How long after Mr. Aslan's arrest did you learn that?

8 A. When I read about it in the newspaper.

9 Q. It would be fair to say that was in the spring, February or  
10 March of 2014?

11 A. I don't recall the date.

12 Q. When you learned that the case against Mr. Aslan and  
13 Mr. Zarrab was dismissed, what, if anything, did you do about  
14 pursuing with Halkbank the fact that Mr. Aslan had been  
15 arrested? What did you do to learn about what the  
16 circumstances were?

17 THE COURT: I don't understand the question.

18 Q. The question is, did you contact Halkbank to inquire into  
19 the circumstances surrounding Mr. Aslan's arrest?

20 THE COURT: After --

21 Q. After the case was dismissed. And after there was no --  
22 after the case was dismissed.

23 A. I did not.

24 Q. Did you ask anybody at Halkbank or did you contact anybody  
25 at the Turkish government to ask them about what was involved

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Szubin - Cross

1 in the arrests?

2 A. I did not.

3 Q. Did anybody to your knowledge who -- anybody at your  
4 direction contact Turkish government?

5 A. No one at my direction.

6 Q. Was -- to your knowledge, was there any effort on the part  
7 of anyone at Treasury after the case was dismissed in Turkey to  
8 find out what happened?

9 A. In -- it would be likely that our embassy would be  
10 discussing the case with the Turkish government, and  
11 potentially law enforcement to law enforcement. But neither of  
12 those are under my supervision or were under my supervision.

13 Q. But you have access, do you not, to information from law  
14 enforcement at OFAC?

15 A. Not -- not as a general matter, no.

16 Q. But if you need information, can you go to -- doesn't OFAC  
17 have the ability and doesn't OFAC interact with other  
18 government agencies and will speak about -- I'm talking about  
19 United States government agencies.

20 A. Very definitely they interact. OFAC interacts with other  
21 government agencies. But OFAC does not have open access to  
22 criminal files.

23 Q. I didn't ask for open access and I didn't ask anything  
24 about criminal files. I'm asking what, if anything, was done  
25 after Mr. Aslan was arrested to find out what happened, what

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Szubin - Cross

1 was involved in the alleged sanctions violations.

2 MR. DENTON: Objection.

3 THE COURT: Sustained.

4 Q. Did you make any effort to contact Halkbank and ask anybody  
5 at Halkbank what happened?

6 A. No.

7 Q. When did you first hear about Reza Zarrab, by the way,  
8 Mr. Szubin? When did you first learn about him?

9 A. I would have first read about him through information I'm  
10 not free to discuss.

11 Q. Did you learn about him -- how about this. What year was  
12 it?

13 A. I don't recall.

14 Q. Is it fair to say it was as early as 2012?

15 MR. DENTON: Objection.

16 THE COURT: If you remember.

17 MR. DENTON: Your Honor, he said it was from sources  
18 he can't discuss.

19 MR. ROCCO: I think we have the right to ask a more  
20 specific question.

21 THE COURT: If you remember.

22 A. Around that period.

23 Q. In the course of your -- so around that period you're  
24 saying, around the period of 2012?

25 A. Yes.

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Szubin - Cross

1 Q. From 2012 until through 2014, do you have any recollection  
2 of ever discussing with anybody from Halkbank Reza Zarrab?

3 A. No.

4 Q. Do you recall ever discussing with -- did you ever have a  
5 conversation with Halkbank -- I'm sorry, with David Cohen about  
6 Reza Zarrab?

7 A. Yes.

8 Q. Did you discuss with Mr. Cohen Reza Zarrab's relationship  
9 with Halkbank?

10 A. Probably.

11 Q. Can you tell me what those conversations -- what did you  
12 discuss?

13 MR. DENTON: Objection.

14 A. I can't.

15 THE COURT: Overruled. If you recall.

16 A. We would have been discussing information that I can't talk  
17 about in open court.

18 MR. ROCCO: Your Honor, I'm going to need some  
19 guidance from you on this. Can we come to the sidebar?

20 THE COURT: Sure.

21 (Continued on next page)

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Szubin - Cross

1 (At the sidebar)

2 MR. ROCCO: Judge, this is critical stuff. Fact of  
3 the matter is, that there were discussions going on regularly  
4 obviously at this point about Reza Zarrab. And nobody is going  
5 to the bank and telling them not to deal with Reza Zarrab.

6 THE COURT: You made that point.

7 MR. DENTON: It was classified.

8 MR. ROCCO: Not everything is classified.

9 THE COURT: Just wait a minute. Relax. You already  
10 made that point about seven times.

11 MR. ROCCO: Thank you, Judge. I am very happy. I  
12 quite frankly would like to know.

13 THE COURT: I get what you are saying and you said it.

14 MR. ROCCO: Judge, I think it's worse than that.

15 THE COURT: You asked him, I know you think it's  
16 terrible that it happened. I get that. But it is not you on  
17 the witness stand. You asked him, I promise you, four times,  
18 five times, six times.

19 MR. ROCCO: I did.

20 THE COURT: Did you or did you direct anybody to find  
21 out. And he said no. What do you want him to say, yes?

22 MR. ROCCO: No, but what I'm interested specifically  
23 in is he says he had discussions with Mr. Cohen about this.

24 THE COURT: Okay.

25 MR. ROCCO: Mr. Cohen, after the arrests of Reza

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Szubin - Cross

1 Zarrab, yesterday testified that he didn't discuss this with  
2 anyone. He didn't have any recollection of this.

3 THE COURT: Okay. So if I'm the defense lawyer, okay,  
4 and I already have a contradiction, why I would want to improve  
5 on that?

6 MR. ROCCO: Because --

7 THE COURT: If you think that's valuable. And you're  
8 going to use it. You already have it.

9 MR. ROCCO: Your Honor, I do not want to impinge --  
10 I'm not interested in any confidential information. I am  
11 interested in --

12 THE COURT: How about the question I just asked?

13 MR. ROCCO: That gives me one argument. I think there  
14 are other arguments. I think the fact -- what I want to  
15 impress on the jury is the fact that OFAC had all this  
16 information available to it, and it never warned -- Mr. Szubin,  
17 who had principal responsibility for dealing with Halkbank,  
18 never warned them off of Reza Zarrab.

19 THE COURT: You made that point.

20 MR. DRATEL: One second. Your Honor, with respect to  
21 the classified aspect, if it's --

22 THE COURT: What difference does it make, is the  
23 point. I know what he's trying to pursue. You've said it now  
24 three times. He asked that -- take a look at the transcript  
25 and see. So when you get to your summation, it's in the

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Szubin - Cross

1 transcript.

2 MR. DRATEL: I just want to make the point that the  
3 fact that it's classified doesn't make it off limits. If it is  
4 Brady material it has to be disclosed and then we work it out  
5 through CIPA.

6 THE COURT: It is a very sensitive area for the  
7 government. And it doesn't matter. Because the point he's  
8 trying to make, whether it's classified or whatever, he's  
9 already made. He just doesn't know when he is ahead.

10 MR. ROCCO: Well, with all due respect, your Honor,  
11 this is -- I think this is -- I understand it is a sensitive  
12 area but I think it's important to the defense.

13 There were detailed discussions about Reza Zarrab's  
14 activities, and none of those activities were brought to the  
15 attention of Halkbank. And we have a situation where we have  
16 testimony that Halkbank is a bad player under suspicion by the  
17 government and by OFAC, specifically by OFAC, for years. And  
18 they never tell Halkbank stop dealing with Reza Zarrab. It is  
19 almost like OFAC is playing gotcha. It is basically like  
20 they're being --

21 THE COURT: Okay. Who do you think knows Reza Zarrab  
22 better, this guy from Washington, who doesn't know that  
23 Halkbank is 51 percent owned by the State of Turkey, or  
24 Mr. Atilla who lives around the corner from him? Who do you  
25 think?

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Szubin - Cross

1                   MR. ROCCO: I will tell you that I'm not sure how much  
2 my client knew about Mr. Atilla, and we may find out -- I'm  
3 sorry. Mr. Zarrab.

4                   THE COURT: Whatever, listen. I don't think it is  
5 worth going into.

6                   MR. ROCCO: All right.

7                   THE COURT: If I thought -- seriously, if I thought  
8 you were being hurt in some way in the point you're trying to  
9 make, because I don't really know how to deal with classified  
10 information either, to be honest with you. You do. Okay.

11                  MR. ROCCO: I'm going to ask Mr. Dratel for a primer.

12                  THE COURT: Like I said, if I thought you were being  
13 hurt, your client was being hurt in some way, then I'd say it's  
14 worth pursuing. But I don't think it is.

15                  MR. DRATEL: Your Honor, the only point I was trying  
16 to make, if the content of the conversations would be helpful  
17 to make Mr. Rocco's point and helpful to Mr. Atilla, then the  
18 government couldn't hide behind that. They would have to --

19                  THE COURT: Just being helpful is not the issue. I  
20 know enough to know that.

21                  MR. DRATEL: It actually is a lower standard for  
22 discovery purposes for admissibility. The Court would have  
23 to -- but we should get that material. I have clearance. We  
24 could work out a substitution for purposes -- that's the way  
25 it's done through the Classified Information Procedures Act.

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Szubin - Cross

1 But so all I'm saying is the government can't hide behind it as  
2 a way to make it off limits entirely.

3 MR. DENTON: Just for the sake of the record on that,  
4 I will note that the Court has our CIPA briefing which  
5 addresses all of the applicable legal standards and the  
6 products at issue.

7 THE COURT: I think we should move on.

8 MR. ROCCO: Thank you, Judge, and I thank you for your  
9 patience.

10 THE COURT: Are we almost done? Not to be rude to all  
11 of you. But it's now, we're now three hours in.

12 MR. ROCCO: Well, your Honor.

13 THE COURT: To what in my opinion is a one-hour  
14 witness, direct and cross.

15 MR. ROCCO: The government had him for an hour and a  
16 half.

17 THE COURT: I don't mean to be rude and it is easy for  
18 a judge to say, because I don't have to be in the trenches like  
19 you guys.

20 MR. ROCCO: I would never join in that statement,  
21 Judge.

22 THE COURT: But I think you've stretched the one-hour  
23 witness into three, three now going on three and a half hours.

24 MR. ROCCO: We collectively.

25 THE COURT: Yes.

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Szubin - Cross

1 MR. DENTON: Sorry for that, your Honor.

2 THE COURT: No, no, I don't say it that way. I'd say  
3 it would have been better for you and for you, it is harder to  
4 be short than to be long.

5 MR. DENTON: That's certainly true.

6 MR. ROCCO: Especially when you haven't seen the  
7 witness before. That's right.

8 MR. DRATEL: Lincoln's old line "If I had more time I  
9 would have written a shorter letter."

10 MR. ROCCO: Your Honor, if you want to break now.

11 THE COURT: No, I want to get it over with.

12 MR. ROCCO: I might be able to end it, but I can't  
13 say. I want to look at my notes.

14 THE COURT: So you'll say for now.

15 MR. ROCCO: Oh no. No. Thank you, Judge.

16 (Continued on next page)

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Szubin - Cross

1 (In open court)

2 MR. ROCCO: I'm sorry, your Honor. I'm actually  
3 seeing if I can shorten this.

4 THE COURT: Take your time.

5 BY MR. ROCCO:

6 Q. Mr. Szubin, I'm not interested in any classified  
7 information. We're not going there.

8 Did you know that Reza Zarrab was a gold trader?

9 A. Yes.

10 Q. Back in -- let me give you some context. Back in 2012,  
11 2013?

12 A. I believe so.

13 Q. Did you know that he was a significant gold trader?

14 A. I don't know. How do you define "significant"?

15 Q. Let me ask you if you regarded him as a significant gold  
16 trader, and we'll use your definition of significant.

17 A. We would have viewed him as notable because of his  
18 activity, not because of the scale.

19 Q. His activities were suspected violations of sanctions?

20 A. Yes.

21 Q. And you were aware of the fact that Mr. Zarrab was doing  
22 business with Halkbank; am I correct, in 2012, 2013?

23 A. I don't know the dates on which I would have been aware of  
24 that, but that most likely is right.

25 Q. Were you aware of the fact that Mr. Cohen spoke to Halkbank

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Szubin - Cross

1 representatives on at least one occasion, perhaps two, at  
2 length about Reza Zarrab?

3 A. That sounds correct.

4 Q. Is it fair to say that Mr. Cohen told you about those  
5 discussions?

6 A. Yes.

7 Q. Can you tell us what Mr. Cohen told you about those  
8 discussions?

9 MR. DENTON: Objection.

10 THE COURT: If he can.

11 A. I can't recall.

12 Q. You don't recall anything that he told you?

13 A. No. Other than the fact that he would have talked to  
14 Halkbank about Mr. Zarrab.

15 Q. Was it, was that because Mr. Zarrab was a significant  
16 customer of Halkbank?

17 A. Is that why I can't recall?

18 Q. No. Did you have your discussion with -- in your  
19 discussions with Mr. Cohen, did he tell you that Reza Zarrab  
20 was a significant customer of Halkbank?

21 A. I don't recall.

22 Q. Did you have an understanding that Mr. Zarrab was a  
23 significant customer of Halkbank?

24 A. I don't recall.

25 Q. Would you regard Mr. Zarrab as a red flag in 2012, 2013

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Szubin - Cross

1 when it comes to sanctions violations?

2 A. We regarded him as a subject of concern, yes.

3 Q. Subject of concern, it's fair to say, is a red flag,  
4 correct?

5 A. Yes.

6 Q. So, I wanted to go back, if we can, to the meeting on  
7 February 12, 2013. Maybe, let me ask you first some broader  
8 questions. You testified that --

9 MR. ROCCO: I'm trying to find the document.

10 One second. Can we bring up, Mr. White, Government Exhibit  
11 7009. I believe it's in evidence. If it is, please publish it  
12 to the jury.

13 Q. This is an e-mail, actually an e-mail string, an  
14 interaction with Mr. Atilla back on July 10, 2013.

15 A. It looks like it's from July 1st.

16 Q. Oh. My dyslexia. July 1st. In that e-mail, Mr. Atilla is  
17 advising you directly that Halkbank stopped mediating the  
18 transactions of exporters related to the trade of special  
19 metals; am I correct?

20 A. He says precious metals.

21 Q. And he says mediating, correct, he uses that --

22 A. Correct.

23 Q. Can you tell me what the word "mediating" means in that  
24 context?

25 A. Facilitating or processing.

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Szubin - Cross

1 Q. Well, can you explain what facilitating or processing a  
2 metal, a precious metal trade is; what does it consist of?

3 A. For a bank, it would mean releasing funds from one of their  
4 customer accounts to make payment or receiving payment into one  
5 of their customer's accounts in payment for trade in precious  
6 metals.

7 Q. Is that the only meaning that "mediating" has?

8 A. I'm not following your question.

9 Q. In this context, "mediating" relates only to the receipt of  
10 payment or the making of a payment?

11 A. It theoretically could also mean being a pass through on a  
12 payment.

13 Q. What do you mean by pass through?

14 A. Well, for example, major clearing house banks, Deutsche  
15 Bank, for example, acts as an intermediary on international  
16 payments between typically two smaller banks. But, this isn't  
17 that context. So I would have read it as meaning issuing or  
18 receiving payment.

19 MR. ROCCO: Mr. White, can we go to Government Exhibit  
20 7021. You can publish this to the jury as well.

21 Q. Page two. In that e-mail this is a readout; am I correct?

22 A. Correct.

23 Q. You testified to earlier.

24 This is a readout not of a meeting but a readout of a  
25 telephone conversation you had with Mr. Atilla?

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1 A. Correct.

2 Q. Am I correct? And this was a followup to a telephone call  
3 that you had with Mr. Atilla on -- was it October 28,  
4 October 29, 2013?

5 A. This is a readout of a telephone call from that date.

6 Q. In that call you discussed with Mr. Atilla a number of  
7 topics, including the sale of gold?

8 A. Correct.

9 Q. And directing your attention to the second sentence under  
10 "gold sales".

11 MR. ROCCO: Can we highlight the second sentence.  
12 "Atilla confirmed."

13 Q. To the best of your recollection, what did Mr. Atilla say?  
14 Did he say in that conversation that he ceased intermediation  
15 or did he say in that conversation that he ceased facilitation  
16 of gold sales?

17 A. I can't recall the word that he used in 2013.

18 Q. And this doesn't help refresh your recollection?

19 A. No, this is a summary of the call. So we would have used  
20 what we believed to be the most accurate term.

21 Q. So can you tell me what you recall Mr. Atilla said about  
22 gold in that conversation, independent of this, if you have a  
23 recollection? You may not.

24 A. Yeah, that Halk was no longer going to be making payments  
25 or receiving payments for gold sales involving Iran.

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Szubin - Cross

1 Q. Did he go to that level of detail that he would neither  
2 make payment or --

3 THE COURT: Whoa, wait. You asked him and that was  
4 the answer.

5 MR. ROCCO: All right, your Honor. I won't press it  
6 any further at this point. Or maybe ever.

7 Q. You testified earlier that the last meeting you had at  
8 Halkbank you believe was in 2013; am I correct?

9 A. Yes.

10 Q. I asked you if you remember any subsequent meetings with  
11 anyone at Halkbank after 2013. Do you have a recollection as  
12 you sit here now of a later meeting with representatives of  
13 Halkbank?

14 A. I recall a call in 2014, an in-person meeting I don't  
15 recall.

16 MR. ROCCO: Mr. White, can we bring up 3513-031. Just  
17 for Mr. Szubin, not for the jury.

18 Q. Just take a look at that document and read it to yourself.

19 A. I'm at the bottom of page one.

20 Q. We'll scroll to page two.

21 A. Okay.

22 Q. Does that refresh your recollection that you had a meeting  
23 with representatives of Halkbank in Turkey in 2016?

24 A. Yes.

25 Q. Do you recall who you met with?

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Szubin - Cross

1 A. Ali Fuat Taskesenlioglu. My apologies for the  
2 pronunciation.

3 Q. Anyone else? Was anyone else at the meeting?

4 A. Officials from the Ministry of Economy.

5 Q. Was there any other representative of Halkbank at the  
6 meeting?

7 A. It suggests yes, but I can't tell you who.

8 Q. You don't recall meeting with Mr. Atilla that day, do you?

9 A. No.

10 Q. Then do you recall what the discussion involved?

11 A. The discussion involved how U.S. sanctions had changed in  
12 light of the joint comprehensive plan of action and the  
13 lessening of U.S. sanctions, but the fact that there were still  
14 considerable sanctions to guard against.

15 Q. How long was that meeting?

16 A. I don't know.

17 Q. You don't know?

18 A. I don't know. Typically those meetings would be about 45  
19 minutes to an hour.

20 Q. You testified on direct examination about a series of  
21 notes. We're going to bring it up. This is 3513-12. These  
22 are your notes; am I correct?

23 A. Yes.

24 Q. These notes were in connection with a conversation you had;  
25 is that correct?

HCC3ATI3

Szubin - Cross

1 A. Yes.

2 Q. And that conversation took place, when was that; do you  
3 recall?

4 A. This is May I believe of 2013.

5 Q. This was before gold sales to anyone in Iran to Iran or  
6 anyone in Iran were obligated to cease; am I correct, by  
7 July 1st?

8 A. Yes.

9 Q. In this conversation, where you indicate that you had a  
10 telephone conversation, is that Halk?

11 A. Yes.

12 Q. And your notes indicate, these are contemporaneous notes,  
13 that the conversation was with Mr. Aslan; is that correct?

14 A. Yes.

15 Q. And your testimony here today is that your conversation was  
16 not with Mr. Aslan, it was with Mr. Atilla, and that was an  
17 error?

18 A. Correct.

19 Q. You distinctly recall that that conversation was with  
20 Mr. Atilla and not with Mr. Aslan; am I correct?

21 A. Yes.

22 Q. When did you first realize that, Mr. Szubin, realize that  
23 error? Was it when you were preparing for your testimony here  
24 today with prosecutors?

25 A. Yes. That's when I would have looked back at my

HCC3ATI3

Szubin - Cross

1 handwritten notes.

2 Q. This was in the past couple of months that you met with the  
3 prosecutors and you recall that a conversation that you had  
4 back in 2013 was not with Mr. Aslan, but was with Mr. Atilla?

5 A. Correct.

6 Q. You recall that these notes are incorrect; am I correct?

7 A. Yes.

8 Q. Is it fair to say that in your dealings with Halkbank over  
9 the years, that Halkbank was responsive to inquiries that were  
10 made of it by OFAC?

11 A. Yes.

12 Q. And that is inquiries that were made to Mr. Atilla or to  
13 members of -- other members of management at Halkbank; am I  
14 correct?

15 A. Mr. Atilla was responsive. Mr. Aslan was responsive. I  
16 can't comment on other levels.

17 Q. In the course of your dealings, again, these are more  
18 general questions, did you ever or to your knowledge did anyone  
19 from Treasury ever ask Halkbank or Mr. Atilla to stop mediating  
20 gold trade? Just stop it?

21 A. We did point out to Mr. Atilla that to continue to  
22 facilitate gold sales to any Iranian person, after the new  
23 sanctions went into effect, so that's June of 2013, or July 1st  
24 of 2013, could expose Halkbank to sanctions. And we had  
25 pointed out previously that selling gold, facilitating the

HCC3ATI3

Szubin - Cross

1 sales of gold to the Iranian government as of June, July 2012,  
2 could expose Halkbank to sanctions.

3 Q. You knew that Halkbank was dealing with Reza Zarrab,  
4 correct, at some point starting as early as 2012 or 2013. You  
5 knew that Halkbank was dealing with Reza Zarrab; am I correct?

6 A. I had testified earlier that I can't recall when I learned  
7 about Zarrab and his dealings with Halkbank.

8 MR. ROCCO: I have four questions, Judge. I'm  
9 wrapping it up.

10 Q. But at some point you learned that Halkbank was dealing  
11 with Mr. Zarrab?

12 THE COURT: That's been established now three or four  
13 times.

14 MR. ROCCO: It is a basis for a question, Judge.

15 THE COURT: Three or four times this has already been  
16 answered.

17 Q. Did you ever tell Halkbank to stop selling --

18 THE COURT: That's the question you've asked probably  
19 four times.

20 MR. ROCCO: I won't ask it again, your Honor.

21 Q. Did you tell -- did you discuss with Halkbank the food  
22 trade?

23 A. Yes.

24 Q. With Iran?

25 A. Yes.

HCC3ATI3

Szubin - Redirect

1 Q. And humanitarian exceptions. Did you have suspicions in  
2 the course of your dealing with Halkbank that Halkbank was not  
3 properly following the humanitarian exception in its trade  
4 facilitating or intermediating trade with Iran?

5 MR. DENTON: Objection to form, your Honor.

6 THE COURT: If you understand that.

7 THE WITNESS: Were we suspicious -- the question is  
8 were we suspicious of Halkbank and whether it was appropriately  
9 ascertaining that humanitarian trade was indeed legitimate?

10 THE COURT: That was the question.

11 THE WITNESS: Yes. We were suspicious.

12 Q. Did you discuss it with Mr. Atilla, or anyone else at  
13 Halkbank?

14 A. Yes.

15 Q. Did you tell them to stop dealing in humanitarian -- trade  
16 of humanitarian goods with Iran?

17 A. No, we told them they needed to be extremely careful. And  
18 that if they weren't careful, they could face various  
19 consequences.

20 MR. ROCCO: One moment. No further questions.

21 THE COURT: Any redirect?

22 MR. DENTON: Very briefly, your Honor.

23 REDIRECT EXAMINATION

24 BY MR. DENTON:

25 Q. Mr. Szubin, Mr. Rocco asked you some questions about your

HCC3ATI3

Szubin - Redirect

1 one-on-one pull aside meeting with Mr. Atilla. Do you remember  
2 that?

3 A. Yes.

4 Q. There was something more you wanted to explain that he  
5 wouldn't let you in order to be accurate.

6 MR. ROCCO: Objection.

7 THE COURT: Well, yes.

8 Q. Why don't you give us the explanation you wanted to give,  
9 Mr. Szubin.

10 A. I'm sorry. At this point I'm not remembering.

11 THE COURT: You can be forgiven.

12 Q. Mr. Szubin, do you have any doubt in your mind as you sit  
13 here that that pull aside in fact occurred?

14 A. I have no doubt. I would request a pull aside extremely  
15 rarely. So, while it is difficult for me sitting here today,  
16 as you can see, to remember the contents of different meetings  
17 on different dates, this might have been one of two times in my  
18 13 years at Treasury that I asked to see somebody one-on-one  
19 after a larger meeting.

20 Q. Just to be clear, that pull aside meeting was with  
21 Mr. Atilla; is that right?

22 A. Correct.

23 MR. DENTON: Mr. Chang-Frieden, if we could very  
24 briefly put up Government Exhibit 7020. If we can just go the  
25 to second page.

HCC3ATI3

Szubin - Redirect

1 Q. Mr. Szubin, do you remember Mr. Rocco asked you some  
2 questions about whether Mr. Atilla's name appeared in this  
3 document?

4 A. Yes.

5 Q. I don't want to go through every instance where it appears,  
6 but where this document reflects representations made by  
7 Halkbank in this meeting, who is the person at Halkbank who  
8 made those representations?

9 A. Mr. Atilla.

10 Q. Then finally, do you remember Mr. Rocco asked you some  
11 questions about actions taken by the Treasury Department in  
12 2014 after the arrest of Reza Zarrab and Suleyman Aslan?

13 A. Yes.

14 Q. I want to direct your attention to October 10, 2014. Do  
15 you know if David Cohen had a meeting with Mr. Atilla on that  
16 day?

17 A. I don't know the date, but I know that he had meetings  
18 around that period.

19 MR. DENTON: Just a moment, your Honor. Nothing  
20 further, your Honor.

21 THE COURT: Okay. We are going to excuse the witness.  
22 Thank you.

23 (Witness excused)

24 THE COURT: And we're going to -- I think I can't  
25 decide if we're having lunch or we're going to go to the bar.

HCC3ATI3

Szubin - Redirect

1 But it's 12:55. If you can be back at 2 o'clock. We'll break  
2 for lunch.

3 (Recess)

4 (Continued on next page)

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HCCPAT14

## 1 A F T E R N O O N S E S S I O N

2 2:00 P.M.

3 (In open court; jury not present)

4 THE COURT: She went to see if the jury is all here  
5 yet. Yes? Okay. So we'll bring in the jury, and the witness,  
6 I take it, is --

7 MR. DENTON: Outside.

8 THE COURT: Okay, great.

9 (Jury present)

10 THE COURT: Please be seated, everybody. Let's call  
11 the next government witness.12 MR. DENTON: Thank you, your Honor. The United States  
13 calls Douglas Sloan.14 THE DEPUTY CLERK: Sir, you can step up here by the  
15 witness stand. Remain standing for a moment, and then raise  
16 your right hand, please.

17 THE COURT: Come on around.

18 THE DEPUTY CLERK: If you could raise your right hand,  
19 please. Do you solemnly swear or affirm that the testimony you  
20 shall give this Court and jury in this issue now on trial shall  
21 be the truth, the whole truth and nothing but the truth.

22 THE WITNESS: Yes, I do.

23 THE DEPUTY CLERK: Thank you, sir. Could you please  
24 state your full name for the record.

25 THE WITNESS: My full name is Douglas Andrew Sloan.

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1                   THE DEPUTY CLERK: Could you spell your last name,  
2 please.

3                   THE WITNESS: S-l-o-a-n.

4                   THE DEPUTY CLERK: Thank you, sir. You may be seated.

5                   THE WITNESS: Thank you.

6                   THE DEPUTY CLERK: Feel free to move up your chair and  
7 adjust the microphone.

8                   THE WITNESS: Thank you.

9                   MR. DENTON: May I proceed, your Honor?

10                  THE COURT: Yes.

11                  DOUGLAS SLOAN,

12                  called as a witness by the Government,

13                  having been duly sworn, testified as follows:

14 DIRECT EXAMINATION

15 BY MR. DENTON:

16 Q. Good afternoon, Mr. Sloan.

17 A. Good afternoon.

18 Q. Where do you work?

19 A. I work for Deutsche Bank Trust Company Americas here in New  
20 York City.

21 Q. How long have you worked at Deutsche Bank?

22 A. I've worked for Deutsche Bank for a little over eleven  
23 years.

24 Q. What is your current position at Deutsche Bank?

25 A. Currently, I serve as the director and global coordinator

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1 of the anti-financial crimes special investigations unit.

2 Q. How long have you had that position?

3 A. I was only recently assigned to globally coordinate.

4 Before that, I had -- since April of 2014, I was responsible  
5 for special investigations in the Americas.

6 Q. And did you work at Deutsche Bank prior to that, as well?

7 A. Yes, sir, I did.

8 Q. Generally speaking, in what field did you work at Deutsche  
9 Bank?

10 A. I spent my entire career at Deutsche Bank within the  
11 anti-financial crime or anti-money laundering department.

12 primarily responsible for covering the anti-money laundering in  
13 OFAC or sanctions risks attributable to the customers and  
14 activities facilitated by Deutsche Bank in the United States  
15 for our global transaction banking business. That would cover  
16 correspondent banking, commercial corporate activity, trust and  
17 securities services and trade finance.

18 Q. So you mentioned correspondent banking, Mr. Sloan. What is  
19 correspondent banking?

20 A. Correspondent banking is the process by which dollar  
21 payments or payments denominated in any currency are  
22 facilitated and moved from one corner of the world to another  
23 corner of the world.

24 In the banking industry, everything, of course, works  
25 on contracts and agreements, documented agreements, to move the

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1 value of banks' customers.

2           So if you would imagine, perhaps a customer in France  
3 with a bank in France, and they need to purchase goods from,  
4 let's say, China, the bank in France has no direct relationship  
5 with the bank in China, and so in order to move the dollars to  
6 buy the goods from, let's say, Paris to Beijing, you would need  
7 to have contractual relationships amongst the banks.

8           So that the payment literally travels bank to bank to  
9 bank until it reaches its final destination in China to pay the  
10 manufacturer for the goods that the Frenchman purchased.

11 Q. So what role does Deutsche Bank play in correspondent  
12 banking?

13 A. Deutsche Bank is one of the, what they term, money center  
14 banks, the large financial institutions that are often banks to  
15 other banks throughout the world. Because of their size and  
16 sophistication and, therefore, the size of their correspondent  
17 banking business, they are a financial institution that other  
18 banks will often go to to facilitate the global payments that  
19 move throughout the world. Other well-known names, in addition  
20 to Deutsche Bank, would be JP Morgan, Citibank, Bank of  
21 America, and the like.

22 Q. Now, in the example you just gave, you referred to a dollar  
23 transaction. What role does the currency of a particular  
24 transaction play in the correspondent banking relationships  
25 you've described?

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1 A. Well, the currency is largely dependent upon the needs of  
2 the customer. Right? Here we are in the United States. We  
3 probably don't have a large demand or need for Russian ruples  
4 or Swiss francs.

5 However, if we have counterparties, maybe family or  
6 business interests, that were located in one of those foreign  
7 countries, we might well have a need for that denomination.  
8 Well, in order to -- well, we would need two things. One, we  
9 would need a special bank account that's denominated in Swiss  
10 francs, which would be maybe different -- which would be  
11 different from my U.S. dollar account, and then I would need a  
12 means of being able to send my Swiss francs to my relative or  
13 business interests in Switzerland, or anywhere else in the  
14 world that utilizes those currencies, and then also receive  
15 them.

16 Q. And does the currency that a particular transaction is in  
17 determine which banks are involved in the correspondent banking  
18 chain that you've described?

19 A. Yes, very often because some banks will specialize in,  
20 let's say, U.S. dollar correspondent banking services. Others  
21 may specialize in Euro correspondent banking services or Swiss  
22 franc or a pound sterling.

23 Many of the big money center banks will offer a  
24 variety of these, what they call the base currencies, that is  
25 those currencies in the world that are most important, in

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1 particular, United States dollar and the Euro.

2 Q. Is the Turkish Lira an important currency for correspondent  
3 banking transactions?

4 A. It would not be an important currency for international  
5 payment information or used in banking. Although, it would be  
6 important for people in Turkey and their business interests.

7 Q. What about a Iranian rials?

8 A. Again, it is not a currency widely utilized in the world,  
9 particularly because of sanctions. Although, it is important  
10 for the people and the business interests within Iran.

11 Q. So can you tell us a little more about how Deutsche Bank  
12 would process a U.S. dollar transaction that it receives as  
13 part of one of these correspondent banking chains?

14 A. Certainly. So in correspondent banking, right, if Deutsche  
15 Bank is a correspondent banking provider, our customers are not  
16 the average Tom, Dick or Harry. They're not the General  
17 Electrics or the mom and pop store around the corner.

18 In correspondent banking, our customers are other  
19 banks, and it is their customers, the Toms, the Dicks, the  
20 Harrys and the stores and the commercial enterprises, that are  
21 customers of our customer. So we're often talking about our  
22 customers' customer. In some instances, you can have a  
23 customers' customers' customer.

24 So to facilitate the global trade in the global  
25 economy, these people and enterprises need to move, let's say,

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1 dollars or Euros, and Deutsche Banks, as in other providers,  
2 will sell or offer dollar-correspondent accounts for these  
3 different banks in the world. We would also offer  
4 Euro-correspondent accounts for these banks throughout the  
5 world. Right?

6 These banks that are our customers will then turn  
7 around to their customers and offer dollar services. So let's  
8 say maybe somebody in the courtroom has a relative that's  
9 serving in the U.S. Armed Forces overseas, and that person  
10 wants to send money home. That person could send money home by  
11 going to a local money service business. That local money  
12 service business is taking the dollars from the service person,  
13 right, and because it's dollars, right, they would have to have  
14 a dollar account with their local bank, which turns around and  
15 has a dollar-correspondent relationship, let's say, with  
16 Deutsche Bank in New York.

17 So that Deutsche Bank can receive those dollars, give  
18 it to maybe a local retail bank here in the United States for  
19 credit to the service person's family.

20 Q. You mentioned Deutsche Bank in New York. Where does  
21 Deutsche Bank process U.S. dollar-denominated correspondent  
22 bank transactions?

23 A. We process our U.S. dollar-correspondent payments here in  
24 New York.

25 Q. And where specifically?

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1 A. We are physically located at 60 Wall Street.

2 Q. Does Deutsche Bank keep records of those correspondent  
3 banking transactions?

4 A. Yes, sir, we do.

5 Q. What sort of system are those maintained in?

6 A. The system, we have an automated payment system, our own  
7 proprietary payment platform, that receives all payment orders  
8 and, of course, processes them and sends them out. Those  
9 payments are also then stored in an archive system.

10 Q. And does that process happen automatically?

11 A. The archiving or the processing?

12 Q. Both, I guess.

13 A. Yes. It's an automated processes. In fact, there's an  
14 industry term called STP, straight through processing. As the  
15 payments are received, most payments -- and I gave a couple of  
16 examples in a very basic flow. When we look at the global  
17 payment system, we're talking about millions of payments that  
18 are processed every day, and any of the major money center  
19 banks are processing millions of their own, which are  
20 facilitated in microseconds. Okay?

21 So these payments, a vast majority of them, the  
22 computer systems process them automatically. There are  
23 triggers built into the system that will stop a payment if  
24 there's something wrong with the payment or any tags that they  
25 might place on a payment for watch.

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1                   MR. DENTON: Mr. Chang-Frieden, could we show  
2 Mr. Sloan a portion of Government Exhibit 8101-4, with  
3 Centrica.

4 Q. Mr. Sloan, do you recognize what this is?

5 A. Yes, sir.

6 Q. What is it?

7 A. This is an Excel spreadsheet that is a reflection of the  
8 results generated from Deutsche Bank's anti-money laundering  
9 software. We utilize our anti-money laundering software to  
10 capture payment data that we processed from our payment system.  
11 Right?

12                  So I described how we have our payment platform that  
13 processes these payments, and these are archived. Well, if we  
14 were to search our records, let's say, for John Doe in a given  
15 date range, January 1, 2010, to the present, right? Well, our  
16 payment system platform is not technically developed to conduct  
17 that search. What we do is we use our AML monitoring software  
18 that is capable of that, which then reaches into our archives  
19 to pick out those payments involving John Doe for that period  
20 of time.

21                  Those are then -- on this spreadsheet, you see four  
22 different tabs. The query details tab, just to the left of the  
23 formatted, those will indicate what our analyst inputted as the  
24 parameters of what we want to look at. The results, right, are  
25 what did we find out? We put in our text and here come the

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1 results back, but very often it's messy computer jargon. It's  
2 not so kind to the eyes to look at.

3 What we do then is format it, clean up those matches.  
4 We take those false positives out. Right? Let's say it's John  
5 Doe, and it's Doe is spelled D-o-u-g-h and I'm interested in  
6 D-o-e. Well, John Dough, D-o-u-g-h, is improper, and we can  
7 cull that out. Those might be our matches, and then we clean  
8 it up a little bit further to format it, to allow it to analyze  
9 the database better.

10 Each row on this Excel spreadsheet represents a  
11 separate payment. So in this particular spreadsheet, we're  
12 looking at two payments, one initiated on January 9th, 2015,  
13 and one initiated on November 21st, 2014.

14 Q. And did Deutsche Bank produce records like this spreadsheet  
15 to the U.S. government in connection with this case?

16 A. Yes, sir, we did.

17 Q. And is it fair to say that there was a large volume of  
18 those records?

19 A. Yes, sir, there was.

20 Q. Are those records that are provided to the U.S. government,  
21 are they copies of records that Deutsche Bank maintains in the  
22 regular course of its business?

23 A. Yes, sir, they are.

24 Q. And are they records that are created as a result of an  
25 automated process?

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1 A. Yes, sir, they are.

2 MR. DENTON: Your Honor, the government offers  
3 Government Exhibit 8101-4.

4 MS. FLEMING: Judge, we object on relevance grounds  
5 and subject to connection, but otherwise, we acknowledge the  
6 business record.

7 THE COURT: Okay. So I will allow it.

8 (Government's Exhibit 8101-4 received in evidence)

9 MR. DENTON: If we could publish that,  
10 Mr. Chang-Frieden.

11 THE COURT: So, counsel, I think it would be easier  
12 for the translators if both you and the witness spoke slower.

13 MR. DENTON: I'm sorry, your Honor. I'll try to  
14 remember this time.

15 BY MR. DENTON:

16 Q. So, Mr. Sloan, I think the easiest thing would be for you  
17 to essentially tell us the story of the first transaction  
18 reflected here in row 3, dated January 9th, 2015, and if you  
19 could explain as you go what's reflected in the various  
20 columns?

21 A. Yes. So essentially, this payment is telling us that on  
22 the 9th of January, 2015, and you look over this cinq ID is  
23 basically an internal Deutsche Bank identifier of the payment.

24 When you scroll across from left to right, on  
25 January 9, 2015, the originator who initiated this payment, the

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1 company Centrica General Trading, instructed its bank to pay  
2 \$1.3 million. You need to scroll across. Originator account  
3 is typically the bank account ID or a bank account number at  
4 the customer's originating bank.

5 So as we scroll across, we see the address of Centrica  
6 General Trading. Please scroll to the right. Please scroll to  
7 the right a bit more. Okay, Dubai. Please go to the original  
8 bank field. Stop, please. So Centrica General Trading  
9 initiated this \$1.3 million payment from its originator bank,  
10 from its bank, TV Ziraat Bankasi located in Turkey. You see  
11 the address there.

12 Scroll to the right. The payment traveled  
13 ultimately -- please keep on to W; stop, please. The payment  
14 ultimately was for the benefit of, the beneficiary, of Centrica  
15 General Trading. And in this case -- we'll scroll to the right  
16 a bit more -- we realize that Centrica General Trading as  
17 beneficiary received it -- stop, please -- at the Bank of  
18 Baroda, a specific business location in the United Arab  
19 Emirates.

20 So essentially, as I described before, a correspondent  
21 payment is almost like an electrical circuit turning on a  
22 light, and you've got contractual relationships from bank, to  
23 bank, to bank to make it work. If you don't have the  
24 contractual relationship, the payment can't travel. It must  
25 find another bank in order to complete the circuit. I don't

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1 know if when you were a kid and you played hot potato, you had  
2 to move it from person, to person, to person. The payment  
3 method is no different.

4 In this example, the originator, Centrica, started its  
5 payment at Ziraat Bank in Turkey. It then traveled to Deutsche  
6 Bank. We then -- Why? We have a contractual relationship with  
7 Ziraat Bank. We then pass it on to the Bank of Baroda in  
8 Dubai. Why? We have a contractual relationship. So that they  
9 could credit the account of Centrica in Dubai, and then  
10 essentially one company moving money from its bank account in  
11 Turkey to its bank account in the UAE.

12 Q. And where did that money pass through Deutsche Bank?

13 A. It passed -- it's a U.S. dollar payment that passed through  
14 Deutsche Bank Trust Company Americas here in New York.

15 Q. And is that a entity that is insured by the Federal Deposit  
16 Insurance Corporation?

17 A. Yes, it is.

18 Q. If we could scroll back to the start.

19 How can you tell that this transaction was denominated  
20 in dollars?

21 A. Column D, base amount includes the base amount plus the  
22 currency. Right? If -- and one could also go to the SWIFT  
23 payment message and identify it as a U.S. dollar payment. But  
24 as this is a reflection of the payment message, one, I know  
25 that it's dollar, U.S. dollar; and two, Deutsche Bank Trust

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1 Company Americas only offers correspondent services denominated  
2 in U.S. dollars, no other currency.

3 Q. So was any other currency involved in this transaction?

4 A. Not in this particular payment to the extent that DBTCA,  
5 Deutsche Bank Trust Company Americas, is involved. We often  
6 just call it DBTCA, or sometimes we just refer to ourselves as  
7 Deutsche Bank.

8 MR. DENTON: Mr. Chang-Frieden, if we could take  
9 another example. Could you go to the portion of Government  
10 Exhibit 8101-4 dealing with Atlantis Capital General Trading.

11 Q. And so again, Mr. Sloan, if you could just take one example  
12 here from row 3 and walk us through this transaction and help  
13 us understand how this transaction was processed?

14 A. Right. This is a little bit more complicated from the  
15 first example in that we have another bank involved. Again,  
16 kind of like the hot potato, where you can only pass the hot  
17 potato where there's a contractual relationship bank to bank.

18 So in this row 3, on the 12th of April, 2013, there  
19 was, column D, a payment in the amount of \$228,180 initiated  
20 by -- the next column -- Mofabos. We scroll across, we have  
21 its address in Cyprus. We continue to scroll across and stop.  
22 And we see in column N that Mofabos maintains its U.S. dollar  
23 account at PPF Banka, located in the Czech Republic.

24 And so they instructed PPF Banka to send this money --  
25 please scroll to the right to column W, stop, please -- to a

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1 company named Atlantis Capital General Trading Company as the  
2 beneficiary. And Atlantis Capital General Trading -- oh, so  
3 interesting. PPF Banka maintains a correspondent relationship  
4 with Deutsche Bank Trust Company, DBTCA, in New York. So they  
5 hand -- PPF Banka hands the payment to Deutsche Bank.

6 In this particular transaction -- and please scroll  
7 well over to the right; keep going, please; stop. In this  
8 particular payment, we handed the \$228,000 to JP Morgan Chase  
9 here in New York. We did this through the New York  
10 Clearinghouse.

11 So what do we have? From PPF to Deutsche, from  
12 Deutsche to JP Morgan. Please scroll back to the left, to  
13 column AF, please. JP Morgan then credited the amount to Bank  
14 of Baroda, located in Dubai, United Arab Emirates. And then  
15 scroll to the left again, please. Stop. And provided the  
16 money to their customer, Atlantis Capital General Trading.

17 Q. And so in that instance, is it fair to say there are two  
18 correspondent banks involved?

19 A. That's correct, Deutsche Bank and JP Morgan Chase.

20 Q. You mentioned the New York Clearinghouse, what is that?

21 A. The New York Clearinghouse is essentially a consortium, a  
22 club of the big money center banks that offer U.S. dollar  
23 clearing services, physically located here in the United  
24 States. They've been around -- I don't have the exact year --  
25 maybe 200 years, or a very long period of time, where the big

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1 banks of New York and the big banks of America would hand over  
2 and receive monies for their business interests, and the  
3 business interests of their customers.

4 It was the way, back in the old days, how they, you  
5 know, ensured that the books were properly reconciled and that  
6 people were getting paid. It still exists today, in its  
7 technological form, facilitating payments amongst the big banks  
8 that are physically located here in the United States, right,  
9 that are members of the clearinghouse.

10 So as members, it's cheaper for Deutsche to pass it to  
11 another member of this organization, or for Citibank to pass it  
12 to Bank of America, than it would be to use, let's say, fed  
13 funds. Federal Reserve system also has a domestic wire trading  
14 platform. Right? So in the United States, if you have a U.S.  
15 money center bank, we receive the money, let's say from PPF  
16 Banka, but we don't have the relationship with the beneficiary  
17 bank in the other part of the world. We have to find another  
18 bank in the United States who does.

19 We could search either the fed wire system, or we  
20 could go to the clearinghouse. Right? And our friends at the  
21 clearinghouse find out that JP Morgan has a relationship; so we  
22 give it to JP Morgan and say, JP, please hand this over to your  
23 customer, Bank of Baroda, so they can credit the beneficiary,  
24 Atlantis Capital.

25 Q. Again, where is the clearinghouse located?

HCCPAT14

Sloan - Direct

1 A. They are located in midtown Manhattan.

2 Q. I just want to go back to Deutsche Bank for a moment. You  
3 mentioned working on OFAC and sanctions issues --

4 A. Yes.

5 Q. -- at Deutsche Bank. Generally speaking, at a very high  
6 level, can you describe for us how Deutsche Bank's sanctions  
7 compliance program works?

8 A. Sure. Deutsche, not unlike many institutions here in the  
9 United States, has a multipronged sanctions compliance program.  
10 Certainly we -- when we collect information about a customer to  
11 open up a bank account, we look at the name of the customer.  
12 We look at the names of its owners.

13 We look at the name of its primary owners. In other  
14 words, if it's a low- or medium-risk client, 25 percent, or if  
15 it's a high-risk, ten percent or more owner. We look at the  
16 members of the board of directors and control persons in the  
17 company, and we check those names against the names that have  
18 been put forward by the Office of Foreign Asset Control, or the  
19 U.S. Treasury Department. Right?

20 Those entities are persons with whom one should not,  
21 directly or indirectly, conduct any business with or facilitate  
22 any transactions. We will also check that against the lists  
23 provided by the European Union, as well as the United Nations,  
24 as well as the government of the United Kingdom.

25 Q. You mentioned --

HCCPAT14

Sloan - Direct

1 A. No, excuse me. So that was for the adoption of a customer.

2 Q. Excuse me.

3 A. On a periodic basis, depending on the risk of the customer,  
4 we're going to go back and check the customer to make sure that  
5 the customer and its owners and directors have not since been  
6 added to the list.

7 And then, of course, any updates to those lists,  
8 right, of names, if OFAC added names to those lists, we would  
9 immediately take those names and check it against our customer  
10 databases.

11 And then the last point that we would use in our  
12 processes is we add those names to our payment filters. So we  
13 talked about the processing of U.S. dollars here in the United  
14 States. We take those names, and they could, by the way, also  
15 be names of the countries under the sanctions programs of the  
16 countries, add them to our filters. I mentioned tags and  
17 straight-through processing, right? The computer systems  
18 process most of the payments for us. Well, these are some of  
19 the tags that would cause a payment to stop. Right?

20 That payment would stop and it must be reviewed. We  
21 have a complicated control structure of different levels of  
22 individuals who would stop, review the payment and make a  
23 determination is this permissible under OFAC, assuming that  
24 it's a political sanctions program. First, why it did it stop.  
25 If we assume it was OFAC, second, is this permissible under

HCCPATI4

Sloan - Direct

1 OFAC sanctions or not permissible? If it is not permissible,  
2 which sanctions program? And why is it important to know that?  
3 Well, it would --

4 THE COURT: Excuse me one second. Could I just see  
5 you for a second at the side. Mr. Rocco, you're welcome to  
6 join us.

7 (Continued on next page)

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HCCPAT14

Sloan - Direct

1 (At the side bar)

2 THE COURT: Could you give me a sense of where this  
3 guy is going, what point you want him to make? Because he  
4 speaks very fast, and I don't think anybody is understanding a  
5 word he's saying.

6 MR. DENTON: So I think we just need to establish for  
7 purposes of the bank fraud count the significance of sanctions  
8 violations to the U.S. insured banks. He's, obviously, giving  
9 a little more detail than I intended him to; so I'm going to  
10 redirect him.

11 THE COURT: That's not something that can be  
12 stipulated? Not to put you --

13 MS. FLEMING: What we wanted to do was put a couple of  
14 custodians, get some questions out, as well, and then we're  
15 going to stipulate to a bunch of the custodians. But we think  
16 it's useful to have some of them.

17 THE COURT: You think this is useful?

18 MR. ROCCO: We didn't know there would be this level  
19 of detail.

20 MR. DENTON: I didn't either.

21 MS. FLEMING: I think it's very useful. I have the  
22 bank witnesses, your Honor, because of the Curcio issue.

23 THE COURT: No, but I mean this guy --

24 MS. FLEMING: Yes.

25 THE COURT: Are you going to cross him?

HCCPATI4

Sloan - Direct

1 MS. FLEMING: Yes, but it won't be long, but it's --

2 THE COURT: Okay.

3 (Continued on next page)

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HCCPATI4

Sloan - Direct

(In open court)

BY MR. DENTON:

Q. Again, Mr. Sloan, just at a very high level, you talked about entities that are listed. Are there sanctions compliance concerns, other than just not dealing with listed entities?

A. Sanctions compliance concerns other than not dealing with sanctions entities?

Q. That was a bad question. Are you familiar with sanctions that prohibit dealing with people acting on behalf of designated entities?

A. Yes. You've got sanctions programs that forbid the direct or indirect facilitation of any prohibited party under the sanctions regulations. So what's interesting, I suppose in my profession, is the moment that those matters include both sanctions issues but also anti-money laundering or money laundering issues.

To the extent that you have a company, a front company perhaps or a third company, that is actually conducting business on behalf of a sanctioned party, with the intent to disguise or conceal or otherwise help make sure that the dollar flows and, in our case, in Deutsche New York's case, are facilitated.

Q. And, again, without getting into the nuts and bolts, does Deutsche Bank take steps in order to avoid that kind of sanctions evasion?

HCCPAT14

Sloan - Direct

1 A. Yes, we do.

2 Q. Focusing on a particular sanctions program, specifically  
3 the sanctions with respect to Iran, are there particular  
4 concerns for Deutsche Bank that that sanctions program  
5 implicates?

6 A. Absolutely. We are forbidden to directly or indirectly  
7 facilitate any transaction involving Iran, the government of  
8 Iran, the persons and entities of Iran, to the extent that they  
9 are in accordance with the Iranian transaction regulations and  
10 other related political sanctions.

11 Q. And do transactions involving, or potentially involving,  
12 Iran implicate any particular concerns for detecting sanctions  
13 evasion?

14 A. Could you repeat the question, sir?

15 Q. Are there particular difficulties in detecting sanctions  
16 evasion, as focused on Iran specifically?

17 A. Absolutely. Look, the Iranian economy is predominantly  
18 petroleum based. The petroleum industry is predominantly U.S.  
19 dollar based. In order for the Iranian economy to function,  
20 it, therefore, must conduct a lot of its business in U.S.  
21 dollars.

22 Because of the prohibitions involving trading  
23 transaction facilitating on behalf of Iranians and Iranian  
24 persons, and because their economy is dependent on U.S.  
25 dollar-denominated transactions because of the oil, third

HCCPAT14

Sloan - Cross

1 parties are often utilized to disguise the transactions.

2 Deutsche Bank is a correspondent banking provider.

3 We're not talking about our customers. We're talking about our  
4 customers' customers. Right? We don't know our customers'  
5 customer on the other side of the planet. We have to -- and,  
6 therefore, it becomes extremely difficult for us, in our  
7 capacity, to make a determination, is this customer on the  
8 other side of the world truly engaging in business for its own  
9 behalf, or is it also engaging in business that, were we to  
10 know, we would be prohibited under U.S. law from facilitating  
11 it.

12 Q. Is it fair to say that you depend on your customer banks to  
13 provide you with information about that?

14 A. It is absolutely critical.

15 MR. DENTON: No further questions, your Honor.

16 MS. FLEMING: Briefly, your Honor.

17 May I proceed?

18 THE COURT: Sure.

19 CROSS-EXAMINATION

20 BY MS. FLEMING:

21 Q. Good afternoon, Mr. Sloan.

22 A. Good afternoon.

23 Q. My name is Cathy Fleming, and we met very briefly over the  
24 lunch break, correct?

25 A. Yes, ma'am.

HCCPATI4

Sloan - Cross

1 Q. Now, you've told us your background at Deutsche Bank. You  
2 worked there for a number of years, correct?

3 A. Yes, ma'am.

4 Q. Deutsche Bank is a very large bank, correct?

5 A. Yes, ma'am.

6 Q. Has lots and lots of employees, correct?

7 A. Yes, ma'am.

8 Q. And there are many departments within Deutsche Bank?

9 A. Yes.

10 Q. Isn't that also true?

11 A. Yes, ma'am.

12 Q. So Deutsche Bank has not only an employment department, it  
13 has a compliance department, correct?

14 A. Yes, ma'am.

15 Q. And it has a sanctions group, doesn't it, sir?

16 A. Yes.

17 Q. And it has a Treasury Department that also deals with some  
18 of the operations you've described; isn't that true?

19 A. Yes, ma'am.

20 Q. And does Deutsche Bank have a SWIFT room that takes these  
21 SWIFT memos that come in to Deutsche Bank with instructions on  
22 SWIFT memoranda?

23 A. Yes.

24 Q. And you told us earlier that there are millions of  
25 transactions that come in, did you say, on a daily basis to

HCCPAT14

Sloan - Cross

1 Deutsche Bank?

2 A. Globally, there are millions of payments that are  
3 facilitated throughout the world. I don't have the exact  
4 figure or the average running rate for Deutsche Bank here in  
5 New York.

6 Q. Do you happen to know how many people, for example, work in  
7 the New York headquarters SWIFT room, just getting these SWIFT  
8 messages at Deutsche Bank every day?

9 A. I do not know the exact number. It would certainly be  
10 dozens, at least.

11 Q. And you talked about some of the anti-money laundering  
12 programs that Deutsche Bank employs to help it in making sure  
13 that it is complying with numerous sanction programs, correct?

14 A. Yes.

15 Q. And to be clear, it's not only United States' sanctions  
16 programs; there are other sanctions programs globally, correct?

17 A. Yes.

18 Q. So the UN has sanctions programs, correct?

19 A. Yes.

20 Q. And the United Kingdom has sanctions programs, correct?

21 A. Yes.

22 Q. And I think Canada has sanctions programs, correct?

23 A. I believe so.

24 Q. And fair to say the United States is far more complex than  
25 any of the rest of them?

HCCPAT14

Sloan - Cross

1                   THE COURT: I don't get the question.

2                   MS. FLEMING: All right. I'll withdraw.

3 Q. More difficult to read and understand than the rest of  
4 them?

5                   THE COURT: What, the United States?

6                   MS. FLEMING: Withdrawn. Bad question, your Honor.  
7 I'll move on.

8                   THE COURT: I mean, I'd love to help you. I just  
9 didn't understand.

10                  MS. FLEMING: Judge, I'll take all the help I can get.

11 BY MS. FLEMING:

12 Q. Is it fair to say that the United States' sanctions regime  
13 is more complex in terms of its instructions than, for example,  
14 the UK sanctions regime?

15                  THE COURT: If you know.

16 A. Thank you. To the extent that I have been engaged in the  
17 various sanctions requirements that have come across -- that  
18 have come to my attention, I would tend to agree that the U.S.  
19 sanctions regime tends to have a lot of technical elements to  
20 it that increase its complexity relative to those that I have  
21 seen in the European union, the United Kingdom, the United  
22 Nations.

23 Q. And when you talked about the various procedures and tools  
24 that are used by Deutsche Bank to help it prevent being in  
25 violation of these various sanctions, you used the term that

HCCPAT14

Sloan - Cross

1 there are some blocked transactions, correct?

2 A. If I said blocked, that is a term. We would have to define  
3 it.

4 Q. A blocked transaction is when a transaction comes in that  
5 one of the tools, one of the systems in place picks up that's a  
6 prohibited transaction? That's at least one kind of a blocked  
7 transaction, correct?

8 A. I think I used the word stopped or tagged. Okay?

9 Transaction, we have various names and variations of the names  
10 on our systems. When a payment comes in, if there's any  
11 similarity to a name or a series of characters on the payment  
12 message, right, the SWIFT message, that comes close to -- what  
13 do I mean by that? I mean there is an algorithm. There are  
14 different algorithms in the computer system that determines  
15 with what degree of probability a name in the payment message  
16 matches up to a name on any of the sanctions list, that payment  
17 will stop. The payment is essentially held in suspense,  
18 right, until such time it's been reviewed by a series of  
19 individuals, right, in different control functions, in the  
20 payments department, the dedicated team, as well as the  
21 sanctions compliance department, to the extent that there's any  
22 escalation to it. Right?

23 A block can mean just stop the payment and kick it  
24 back. In OFAC, specific OFAC technical jargon, it will mean  
25 seize it, seize the funds. Now, there are some sanctions

HCCPAT14

Sloan - Cross

1 programs where you reject the payment, send it back. Whereas,  
2 there are other sanctions where you must seize the funds, i.e.  
3 block. So that's kind of why we have to --

4 Q. And in none of the scenarios you just described does the  
5 money that comes in and hits one of those tools go into the  
6 customer's account, does it, sir?

7 A. Could you repeat the question?

8 Q. The money does not go into a customer's account when it is  
9 blocked or stopped, does it, sir?

10 A. The payment comes to Deutsche Bank and is filtered from our  
11 sanctions filters. Right? If it violates a sanctions program,  
12 then either it's rejected or kicked back, or it's frozen, which  
13 means it's transferred to what we call a blocked account, a  
14 frozen account.

15 If there is a situation where we're not sure, right,  
16 the payment stays in suspense. We hold it, and we send through  
17 the SWIFT payment system what we call an inquiry, a field  
18 inquiry, right, where we're seeking -- we might ask a few  
19 questions, where we're seeking information. The answers to  
20 which would allow us to make a determination, sanctions issue  
21 or no sanctions issue.

22 Q. All right.

23 A. Does the payment hit the account of our correspondent  
24 provider? I believe the answer to that is no.

25 Q. Now, you talked about some of the tools. What you've

HCCPAT14

Sloan - Cross

1 described is that the Deutsche Bank uses software programs to  
2 help it catch potential violations of the various programs,  
3 correct?

4 A. I'm sorry, repeat that question. I was still thinking  
5 about my answer to the last one. I'm thinking --

6 Q. Among the tools --

7 A. Yes.

8 Q. We're moving on.

9 A. Yes.

10 Q. Among the tools that the Deutsche Bank uses to prevent  
11 having inappropriate transactions --

12 A. Okay.

13 Q. -- are software programs, correct?

14 A. Yes.

15 Q. And among the software programs are programs that will  
16 actually have identified on them persons and entities that are  
17 on OFAC's SDN list; isn't that correct?

18 A. That is correct.

19 THE COURT: One second. So what you've been talking  
20 about up until now, you've used the word "program" a lot. You  
21 mean computer software programs?

22 THE WITNESS: No, sir. A sanctions program is not a  
23 computer program. It's the set of requirements, right, sort of  
24 the book of rules, the rule book, right, that OFAC writes and  
25 gives to us to ensure that we are not facilitating payments

HCCPAT14

Sloan - Cross

1 that we would otherwise not be allowed to touch. Okay? That  
2 is a sanctions program.

3 THE COURT: No, but you've been saying programs within  
4 the bank, and I understood that those are computer programs  
5 that you've been discussing, the techniques for determining  
6 whether a payment is blocked or not blocked. Those are all  
7 computer programs you're talking about, right?

8 THE WITNESS: In that context, yes.

9 THE COURT: Well, is there any other context?

10 THE WITNESS: There is the sanctions program, which is  
11 the book of rules and regulations. How we fulfill our  
12 compliance with the sanctions program are computer programs.

13 THE COURT: Right.

14 THE WITNESS: Sorry about that.

15 THE COURT: Exactly.

16 THE WITNESS: Thanks for the clarification.

17 THE COURT: Right.

18 BY MS. FLEMING:

19 Q. Now, the transactions that we looked at at the government  
20 exhibit that's in, that starts with the order that comes from  
21 Centrica Bank, correct?

22 A. I think it was a company. I don't think Centrica was a  
23 bank.

24 Q. I'm sorry. Centrica was a company. That was the customer,  
25 correct?

HCCPAT14

Sloan - Cross

1 A. That was an originator, yes.

2 Q. And that was the first piece of whatever the transaction is  
3 that Deutsche Bank sees, correct?

4 A. Deutsche Bank received a payment order from its customer,  
5 Ziraat Bank.

6 Q. Okay.

7 A. In other words, we received -- Ziraat Bank in Turkey sent  
8 us payment instructions. Think of it as a mailbox, or in the  
9 old days, in fact, it's called a wire payment or a wire  
10 transaction. In fact, the word comes from the old days as a  
11 telegraph, where you'd send a wire to somebody.

12 (Continued on next page)

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HCC3ATI5

Sloan - Cross

1 Q. And that is the first transaction that Deutsche Bank sees,  
2 correct?

3 A. The first --

4 Q. That payment instruction?

5 A. The payment instruction has the entire story.

6 Q. Well, it has the story as to who is asking -- the Ziraat  
7 Bank is asking you to pay its customer, correct?

8 A. Ziraat Bank is giving us instructions from -- with all the  
9 parties involved, from who it starts to and who it ends to and  
10 the originating bank and the beni bank, and according to the  
11 SWIFT rules of what is required to be -- there are rules that  
12 SWIFT puts out as to what the minimum requirements in every  
13 payment message would have to have. If it fails a SWIFT  
14 regulation, regardless of sanctions, regardless of money  
15 laundering, that payment should not be processed. It should be  
16 stopped and corrected or rejected and returned, so it could be  
17 corrected by the appropriate party.

18 Q. By the way, SWIFT -- SWIFT messages are able to be viewed  
19 by American regulatory authorities; isn't that correct?

20 MR. DENTON: Objection, your Honor.

21 THE COURT: If you know.

22 THE WITNESS: Is the question if I know?

23 THE COURT: If you know. She's asking all SWIFT  
24 messages, if I understand the question, can be viewed by  
25 American authorities.

HCC3ATI5

Sloan - Cross

1                   THE WITNESS: I do not believe that's true, unless  
2 they've been subpoenaed, SWIFT has been subpoenaed, and they've  
3 complied with the subpoena.

4 Q. If SWIFT is subpoenaed, SWIFT is in the United States,  
5 correct?

6 A. I believe they still have their offices on the Eastern  
7 Seaboard, yes.

8 Q. In the United States. On the Eastern Seaboard?

9 A. Yes, ma'am. There was a debate after 9/11 whether they  
10 would leave the United States. Because of --

11 Q. I'm sorry to direct you. I'm trying to focus, all right?

12 A. Okay.

13                   THE COURT: But where are you leading, is the  
14 question. You want to focus him.

15                   MS. FLEMING: Your Honor, my question was is they're  
16 in the United States, correct.

17                   THE WITNESS: I believe they are.

18 Q. Thank you. Now, with the transaction that we saw before,  
19 with the transaction that we saw -- could I impose on you to  
20 bring up the exhibit again with Centrica.

21                   This is Centrica General Trading. I don't know the  
22 exhibit number. I'm sorry. 101-4. This is the transaction  
23 that you went through on direct examination. Do you recall  
24 that?

25 A. Yes, ma'am.

HCC3ATI5

Sloan - Cross

1 Q. This is a dollar transaction, correct?

2 A. Yes, ma'am.

3 Q. It started out in a dollar account, correct?

4 A. It started as a dollar denominated account at the  
5 originating bank according to this.

6 Q. And the originating bank is?

7 A. Ziraat Bank. That would be further to the right column J,  
8 perhaps. I'm not exactly sure which column. It is Ziraat  
9 Bankasi.

10 Q. Ziraat Bankasi in Turkey, correct?

11 A. Yes.

12 Q. Ziraat Bankasi had a dollar account, correct?

13 A. They, they -- Ziraat Bankasi offered a dollar account,  
14 dollar denominated account for Centrica General Trading, and  
15 Ziraat Bankasi maintains a dollar denominated account at  
16 Deutsche Bank Trust Company Americas, and possibly other U.S.  
17 money center banks.

18 Q. You talked about all of the procedures and tools that  
19 Deutsche Bank uses to try to prevent any kind of violations of  
20 sanctions and other rules, correct?

21 A. Yes.

22 Q. But even despite all of that, Deutsche Bank has had its  
23 violations of sanctions and other rules, hasn't it?

24 A. Yes it has.

25 Q. In fact, Deutsche bank had a \$7.2 billion settlement with

HCC3ATI5

Korkmaz - Direct

1 the Department of Justice within the last several years,  
2 correct, for violations?

3 A. Not for sanctions.

4 Q. Didn't they have a \$630 million sanctions settlement  
5 related to Russian money laundering within the last two years?

6 MR. DENTON: Objection.

7 THE COURT: Sustained.

8 Relevance. Foundation.

9 MS. FLEMING: Subject to connection? Opinion?

10 Nothing further, your Honor. Thank you.

11 MR. DENTON: Nothing further, your Honor.

12 THE COURT: Thanks a lot, Mr. Sloan.

13 THE WITNESS: Thank you, your Honor.

14 (Witness excused)

15 THE COURT: Next witness would be who?

16 MR. LOCKARD: We're going to resume with Mr. Korkmaz.

17 THE DEPUTY CLERK: Sir, before we begin, I'd like to  
18 remind you that you're still under oath.

19 THE WITNESS: Yes.

20 THE DEPUTY CLERK: Thank you.

21 HUSEYIN KORKMAZ,

22 called as a witness by the Government,

23 having been previously sworn, testified as follows:

24 DIRECT EXAMINATION (Continued)

25 BY MR. LOCKARD:

HCC3ATI5

Korkmaz - Direct

1 Q. Good afternoon, Mr. Korkmaz.

2 A. You too as well, sir.

3 Q. So, yesterday you testified about your arrest in Turkey in  
4 September of 2014.

5 A. Yes.

6 Q. Could you briefly describe the basis of that arrest in  
7 September of 2014.

8 A. Certainly. Apparently there was another investigation that  
9 is known by the public as the December 25 investigation. That  
10 was conducted by the Financial Crimes Unit also, but that was  
11 not related to the investigation that I was conducting on  
12 Mr. Reza Zarrab.

13 And apparently, this investigation known as the 25th  
14 of December investigation, involved corruption by certain  
15 individuals including the then prime minister Recep Tayyip  
16 Erdogan, also Bilal Erdogan, and other ministers, such as  
17 Binali Yildirim, and this was somewhat like the corruption case  
18 in Reza Zarrab.

19 Q. Were you arrested as part of an operation against the  
20 investigators who had conducted that December 25 investigation?

21 A. Yes, exactly so.

22 THE COURT: Counsel, could you repeat the question or  
23 could we have a readback.

24 (The record was read).

25 Q. So in other words --

HCC3ATI5

Korkmaz - Direct

1                   THE COURT: There was a third investigation? Is that  
2 what that means?

3                   MR. LOCKARD: Depending on whether you count the  
4 investigation against the investigation.

5                   I'll ask a couple additional questions to clarify.

6                   THE COURT: I am trying to get it straight.

7 Q. Mr. Korkmaz, you had described another investigation,  
8 another corruption investigation known as the December 25  
9 investigation; is that right?

10 A. Yes.

11 Q. Could you just explain why was it called the December 25  
12 operation or the December 25 investigation?

13 A. After we were removed from duty, the prosecutor for that  
14 investigation had given the go ahead to conduct an operation  
15 for that investigation. And the go ahead was given on  
16 December 25, hence it was called the December 25 investigation.

17 Q. That was on December 25 of 2013?

18 A. Yes, sir.

19 Q. On the date that you were arrested, were there a number of  
20 additional arrests of investigators who had participated in the  
21 investigation known as the December 25 investigation?

22 A. Yes, sir.

23 Q. Had you participated in any way in that December 25  
24 investigation or the operation on December 25 of 2013?

25 A. No.

HCC3ATI5

Korkmaz - Direct

1 Q. Can you just remind us in fact where you were assigned on  
2 December 25 of 2013?

3 A. I had been assigned to the Bridge Protection Unit  
4 Directorate.

5 Q. Did there come a time when you were also charged with  
6 crimes allegedly arising out of your participation in the  
7 investigation that you conducted that resulted in the operation  
8 on December 17 of 2013?

9 A. Later on I did, yes.

10 Q. Just to be clear, are both sets of charges still pending?

11 A. Yes.

12 Q. Also yesterday you had talked about some supervisors in the  
13 Financial Crimes Unit who were reassigned in the days following  
14 the December 17 operation; do you recall that?

15 A. Yes, sir.

16 Q. What about in the prosecutor's office? Were there any  
17 reassessments following the December 17 operation?

18 A. Yes.

19 Q. And can you describe who was reassigned and when that  
20 happened?

21 A. On December 18, the day after the operation, two other  
22 prosecutors were added to the prosecutor that had been assigned  
23 to the investigation.

24 Q. Was the original prosecutor at some point reassigned from  
25 the case?

HCC3ATI5

Korkmaz - Direct

1 A. Yes, sir.

2 Q. Are criminal charges also pending against that prosecutor  
3 and other investigators who, along with you, participated in  
4 that investigation?

5 A. That is correct.

6 Q. So, Mr. Korkmaz, just a couple more questions before we  
7 turn back to the evidence that you gathered.

8 Since you've come to the United States, have you been  
9 employed?

10 A. No.

11 Q. Since you have come to the United States, have you applied  
12 for work authorization?

13 A. Yes.

14 Q. Have you received it?

15 A. Yes, I received a response recently, yes.

16 Q. When did you receive the work authorization?

17 A. It's about two weeks, maybe a few days more than two weeks.  
18 I received it about that time.

19 Q. Since you've come to the United States, have you received  
20 assistance with living expenses?

21 A. Yes.

22 Q. Can you briefly describe what that assistance has been.

23 A. The prosecutor's office has provided \$300 on three  
24 occasions for a total of \$900. And the FBI has provided  
25 \$50,000.

HCC3ATI5

Korkmaz - Direct

1 Q. Have you also received assistance with rent?

2 A. Yes.

3 Q. Can you briefly describe that?

4 A. The apartment that I live in was leased by the prosecutor's  
5 office, and the prosecutor's office is paying for it.

6 Q. Mr. Korkmaz, did you ask for any of that assistance?

7 A. No.

8 Q. So let's turn back to your investigation in Turkey in the  
9 2012-2013 time frame.

10 So, yesterday at the end of the day you were  
11 describing the procedure according to which you planned and  
12 supervised the coordinated law enforcement action that took  
13 place on December 17 of 2013.

14 A. Yes.

15 MR. LOCKARD: Your Honor, may I approach?

16 THE COURT: Sure.

17 MR. LOCKARD: I've handed the witness what has been  
18 marked for identification as Government's Exhibit 151, which is  
19 a disc containing electronic copies of Government Exhibits 701  
20 through 832.

21 Q. Mr. Korkmaz, do you recognize that disc?

22 A. Yes.

23 Q. Have you reviewed it prior to your testimony this  
24 afternoon?

25 A. Yes.

HCC3ATI5

Korkmaz - Direct

1 Q. Did you recognize the contents of that disc when you  
2 reviewed it?

3 A. Yes.

4 Q. What did you recognize the contents to be?

5 A. I saw that it was the same content as the evidence that I  
6 had presented to you.

7 Q. Did that evidence come from a particular source?

8 A. I did not understand the question completely.

9 MR. LOCKARD: Mr. Chang-Frieden, perhaps you can show  
10 for the witness Government Exhibit 701.

11 Q. Mr. Korkmaz, did you recognize where the evidence contained  
12 on the disc marked 151, where that evidence originally was  
13 obtained from as part of your investigation?

14 A. Yes, I remember.

15 Q. Where did it come from?

16 A. From the searches that were conducted at Suleyman Aslan's  
17 residence and business place.

18 MR. LOCKARD: The government offers Exhibits 701  
19 through 832.

20 MR. HARRISON: I'm objecting based on relevance, lack  
21 of foundation, chain of custody, authentication, 403.

22 THE COURT: I'm going to allow it. Overruled.

23 (Government's Exhibit 701-832 received in evidence)

24 MR. LOCKARD: Mr. Chang-Frieden, if you can pull up  
25 Government Exhibit 748 and I ask that it be published for the

HCC3ATI5

Korkmaz - Direct

1 jury.

2 Q. Mr. Korkmaz, is that a photograph of a document that was  
3 found in the search of Mr. Aslan's home and business office?

4 A. That is correct.

5 MR. HARRISON: I forgot to say hearsay as well as one  
6 of the grounds.

7 THE COURT: To the other one or this one?

8 MR. HARRISON: To this one and the other ones as well,  
9 your Honor. All of them, all of the ones on the disc.

10 MR. LOCKARD: We understand the objection to be  
11 global.

12 THE COURT: All of the above.

13 Q. So, Mr. Korkmaz, what kind of document does this appear to  
14 be?

15 A. It is understood to be a printout of an e-mail.

16 Q. From who does the printout say the e-mail was written from?

17 A. It's understood it was from Mr. Mehmet Hakan Atilla.

18 Q. What is the date of the e-mail?

19 A. December 21, 2012.

20 Q. Who is it addressed to?

21 A. It's to Suleyman Aslan.

22 Q. What is the subject of the e-mail?

23 A. It says that this is the response letter with regards to  
24 the conversation that was held with the embassy and it was  
25 placed on hold.

HCC3ATI5

Korkmaz - Direct

1 Q. So, it appears the rest of the e-mail is in English, so I  
2 won't ask you any further questions about this document right  
3 now.

4 MR. LOCKARD: Your Honor, if I may approach again?

5 THE COURT: Sure.

6 MR. LOCKARD: I'm going to hand Mr. Korkmaz discs that  
7 have been marked for identification as Government's Exhibit  
8 152, 601 through 604, 606, 608, 609, and 611 through 614.

9 For the benefit of the record, Government's Exhibit  
10 152 contains electronic copies of Government's Exhibits 901  
11 through 930.

12 And Mr. Chang-Frieden, if you can please show  
13 Mr. Korkmaz Government's Exhibit 901.

14 Q. Okay, Mr. Korkmaz, do you recognize the discs that I just  
15 identified for the record and placed before you?

16 A. Yes.

17 Q. Have you reviewed the contents of those discs before your  
18 testimony this afternoon?

19 A. Yes.

20 Q. Did you recognize their contents?

21 A. Yes.

22 Q. What do they consist of, generally speaking?

23 A. They are the same as the evidence that I presented to you.

24 Q. Did that evidence come from any particular search or  
25 location?

HCC3ATI5

Korkmaz - Direct

1 A. They had come from the search that was conducted at Orient  
2 Bazaar.

3 Q. Can you remind us what activity took place at the Orient  
4 Bazaar relating to your investigation?

5 A. One of the central locations that Reza Zarrab and his  
6 organization conducted its business was at Orient Bazaar.

7 MR. LOCKARD: The government offers Exhibits 901  
8 through 930, Government's Exhibit 601 through 604, Government's  
9 Exhibit 606, 608, 609, and 611 through 614.

10 MR. HARRISON: Judge, I have the same objections.  
11 Relevancy, lack of foundation, change of custody,  
12 authentication, 403, and hearsay, and also on opinion  
13 testimony.

14 THE COURT: Something else?

15 MR. HARRISON: Yes.

16 THE COURT: Is what?

17 MR. HARRISON: On opinion testimony.

18 THE COURT: I don't understand that.

19 MR. HARRISON: As to his last answer. As to his last  
20 answer.

21 THE COURT: Okay. So, overruled. And I am allowing  
22 these as exhibits.

23 (Government's Exhibit 901-930, 601-604, 606, 608, 609,  
24 611-614 received in evidence)

25 MR. LOCKARD: Mr. Chang-Frieden, I'd ask if you can

HCC3ATI5

Korkmaz - Direct

1 pull up Government Exhibit 614-1, which is contained within  
2 Government Exhibit 614.

3 Q. Mr. Korkmaz, do you recognize this document?

4 A. Yes.

5 Q. Is this a document from one of the electronic devices that  
6 was recovered from the Orient Bazaar office?

7 A. Yes.

8 Q. What does this document purport to be?

9 A. It appears to be a declaration from Dubai Customs with a  
10 seal.

11 Q. According to this document, who was the exporter of the  
12 documents -- of the goods described in this customs document?

13 A. Atlantis -- the company named Atlantis Capital General  
14 Trading.

15 Q. According to this document, who are the goods being  
16 exported to?

17 A. To Bank Pasargad.

18 Q. That's described as being the ultimate destination being in  
19 Iran; is that right?

20 A. That is correct.

21 Q. Do you see a date on this document?

22 A. Yes.

23 Q. What is it dated?

24 A. The way it would be read in Turkey it says 9th of April,  
25 2013.

HCC3ATI5

Korkmaz - Direct

1                   MR. LOCKARD: Mr. Chang-Frieden, if we can zoom back  
2 out.

3 Q. Mr. Korkmaz, do you see what is purportedly being exported?  
4 What the goods are?

5 A. Sugar. Raw brown sugar.

6 Q. Mr. Korkmaz, you described there was a seal on this  
7 document.

8                   MR. LOCKARD: Mr. Chang-Frieden, if you can direct our  
9 attention to the bottom third.

10 A. Yes.

11 Q. Mr. Korkmaz, are you able to read what in English is  
12 written in the top of that seal or stamp?

13 A. Well, I don't know if there is such a word. But it says  
14 "Operetations Admin."

15                   MR. LOCKARD: Thank you, Mr. Chang-Frieden. If you  
16 can please pull up Government Exhibit 614-2, which is also from  
17 Government Exhibit 614.

18 Q. Mr. Korkmaz, do you also recognize this document labeled  
19 Dubai Customs?

20 A. Yes.

21 Q. Does this declaration of export also relate to a purported  
22 shipment of raw brown sugar by Atlantis Capital General  
23 Trading?

24 A. That is correct.

25 Q. Does this Dubai customs form also bear a stamp?

HCC3ATI5

Korkmaz - Direct

1 A. Yes.

2 Q. Can you tell us what the date is in this stamp?

3 A. It is in Turkish, and it says 00 January 2013.

4 Q. Mr. Korkmaz, are you familiar with whether Turkish is used  
5 on official Dubai customs documents?

6 A. It doesn't make sense to me, I don't think it's possible.

7 MR. LOCKARD: Mr. Chang-Frieden, if you can now please  
8 show us Government Exhibit 922.

9 Q. Mr. Korkmaz, can you remind us where this came from?

10 A. It is one of the pieces of evidence that was seized at  
11 Orient Bazaar. During the search at Orient Bazaar.

12 Q. Can you describe it for us generally?

13 A. It appears to be an export declaration from Dubai Customs.  
14 This is just a blank printed version of this document that is  
15 not filled out.

16 MR. LOCKARD: Mr. Chang-Frieden, if you can pull up  
17 924, please.

18 Q. Mr. Korkmaz, where did this come from?

19 A. This is among the evidence that had been seized at the  
20 Orient Bazaar search.

21 Q. What does this appear to be?

22 A. This is just the stacks of the document that was shown  
23 earlier.

24 MR. LOCKARD: Mr. Chang-Frieden, can you please show  
25 us Government's Exhibit 903.

HCC3ATI5

Korkmaz - Direct

1 Q. Mr. Korkmaz, where was this found?

2 A. Also was seized during the search at Orient Bazaar.

3 Q. What's shown in this photograph?

4 A. The one on top is the customs seal that we had seen on the  
5 documents that were shown. And the one on the bottom is a seal  
6 that is for a company in Dubai that's called Grand Mark.

7 MR. LOCKARD: Your Honor, if I may approach?

8 THE COURT: Yes.

9 MR. LOCKARD: So I'm handing Mr. Korkmaz what's been  
10 marked for identification as Government's Exhibit 153, as well  
11 as discs marked for identification as 950, Government's Exhibit  
12 605, and Government's Exhibit 607.

13 Q. So Mr. Korkmaz, beginning with the disc marked Government's  
14 Exhibit 153, which for the benefit of the record contains  
15 electronic copies of Government's Exhibits 960 through 964,  
16 have you reviewed the contents of that disc before your  
17 testimony this afternoon?

18 A. Yes, sir.

19 Q. And do you recognize the contents?

20 A. Yes, sir.

21 Q. What is contained on disc 153?

22 MR. LOCKARD: Mr. Chang-Frieden, if you can show  
23 Mr. Korkmaz, please, Government Exhibit 963.

24 A. 153 was the documents that were seized during a search that  
25 was conducted at Duru Doviz.

HCC3ATI5

Korkmaz - Direct

1 Q. Can you remind us what was the Duru Doviz office as it  
2 relates to your investigation?

3 A. Duru Doviz was a company that was owned by Reza Zarrab and  
4 it was a company that was used in exchange and currency  
5 exchange and gold business.

6 MR. LOCKARD: Your Honor, the government offers  
7 Government Exhibits 960 through 964.

8 MR. HARRISON: Objection.

9 THE COURT: We're going to allow them.

10 MR. HARRISON: For the record, just same objection as  
11 to the prior discs and its contents.

12 THE COURT: Right. I got it.

13 (Government's Exhibit 960-964 received in evidence)

14 MR. LOCKARD: Mr. Chang-Frieden, if we can publish  
15 960, please.

16 Q. Mr. Korkmaz, can you just describe what's shown in  
17 Government's 960.

18 A. It is an invoice that belongs to the company by the name of  
19 Duru Doviz.

20 Q. An invoice for what goods or commodity?

21 A. Precious metal.

22 Q. Mr. Korkmaz, I'd like to direct your attention to the other  
23 discs that I handed you just a few minutes ago which are marked  
24 as government's Exhibit 950, as well as Government Exhibit 605  
25 and 607. Did you have an opportunity to review those discs,

HCC3ATI5

Korkmaz - Direct

1 the contents of those discs before your testimony this  
2 afternoon?

3 A. Yes.

4 Q. Did you recognize their contents?

5 A. Yes.

6 Q. Generally speaking, what are the contents of those discs?

7 A. They are the evidence that I presented to you.

8 Q. Do those discs contain evidence collected from a particular  
9 search or location?

10 A. Yes.

11 Q. Where were they obtained from?

12 A. They are the evidence that were seized during the search  
13 conducted at Reza Zarrab's residence.

14 MR. LOCKARD: The government offers 950, 605, and 607.

15 MR. HARRISON: Same objection as to the prior discs  
16 and their contents, your Honor.

17 THE COURT: Counsel, included in your objections is  
18 there a subject to connection objection too?

19 MR. HARRISON: Yes, your Honor.

20 THE COURT: So, I didn't hear that before. It must be  
21 my mistake. But I will grant that application subject to  
22 connection and overrule the other objections.

23 MR. HARRISON: Thank you, your Honor.

24 (Government's Exhibit 950, 605, 607 received in  
25 evidence)

HCC3ATI5

Korkmaz - Direct

1 MR. LOCKARD: Mr. Chang-Frieden, if we can please pull  
2 up Government Exhibit 950.

3 Q. Mr. Zarbab -- I'm sorry, Mr. Korkmaz, do you recognize what  
4 this document is?

5 A. Yes.

6 Q. What is this document; what does this document appear to  
7 be?

8 A. It is an account statement.

9 Q. Do you recognize the account name?

10 A. Yes.

11 Q. What is that account?

12 A. It is the account written as CAG.

13 Q. From your investigation, did you learn what this account is  
14 for?

15 A. Yes.

16 Q. What was it for?

17 A. This was the account where the bribes sent to Zafer  
18 Caglayan were logged.

19 MR. LOCKARD: Mr. Chang-Frieden, if you can point us  
20 to page six of Government's Exhibit 950.

21 Q. Mr. Korkmaz, do you see an entry on approximately August 31  
22 of 2013?

23 A. That's correct.

24 Q. For \$2 million U.S.?

25 A. Yes.

HCC3ATI5

Korkmaz - Direct

1                   MR. LOCKARD: Mr. Chang-Frieden, if you can send us to  
2 page 10.

3 Q. Mr. Korkmaz, do you see an entry for August 31 of 2013?

4 A. I apologize for not waiting first, but yes, the answer is  
5 yes.

6 Q. For 1.5 million Turkish lira?

7 A. That is correct.

8 Q. If we could look at page 15. Do you see another entry for  
9 August 31 of 2013?

10 A. Yes.

11 Q. How much is that for?

12 A. It is 2 million euros.

13 Q. Mr. Korkmaz, yesterday you had described a delivery of  
14 money on August 30 of 2013. Do you recall that?

15 A. Yes, sir.

16 Q. The victory day delivery?

17 A. That is correct.

18 Q. How do those three entries that we just looked at compare  
19 to the money that was delivered on that day?

20                   MR. HARRISON: Objection to form. I don't think I  
21 understand the question.

22                   THE COURT: I don't either. Could you rephrase.

23                   MR. LOCKARD: Yes.

24 Q. Mr. Korkmaz, what was the amount of the money delivered on  
25 August 30, 2013?

HCC3ATI5

Korkmaz - Direct

1 A. It was \$2 million, 2 million euros, and one and a half  
2 million Turkish liras.

3 Q. Who were the individuals who delivered the money?

4 A. It was Mohammed Sadik Rastgarshishegh, with the code name  
5 Sadik, and also it was Ahmet Murat Ozis.

6 Q. Mr. Korkmaz, in describing your investigation, you also  
7 talked about intercepted telephone communications as part of  
8 that investigation; is that right?

9 A. Yes.

10 Q. What types of telephone communications were intercepted?

11 A. I'm sorry, you mean regarding this particular topic?

12 Q. No, not about any particular subject matter. Let me ask a  
13 slightly different question.

14 Did the intercepts include electronic communication as  
15 well as voice calls?

16 A. That is correct.

17 Q. Did it include electronic communications by app such as  
18 WhatsApp or Viber?

19 A. No.

20 Q. Earlier you had described the approximate number of  
21 telephone lines that were intercepted during the course of the  
22 investigation; is that right?

23 A. Yes.

24 Q. Were any Halkbank office numbers subject to interception?

25 A. No, we did not intercept any landlines as a target there.

HCC3ATI5

Korkmaz - Direct

1 Q. Would a telephone call placed to or from a Halkbank office  
2 be intercepted if they were placed to or from another telephone  
3 that was being intercepted?

4 A. Yes.

5 Q. During the course of the investigation, did you listen to  
6 recordings of audio that had been intercepted from the  
7 wiretaps?

8 A. Yes.

9 Q. Did you review transcripts of calls that had been  
10 intercepted?

11 A. Yes.

12 Q. Approximately how many telephone calls and transcripts did  
13 you review during the entire course of the investigation,  
14 approximately?

15 A. I would say that it was probably between 250 and 1,000.  
16 But, the more correct way to say that might be to say hundreds  
17 of them. But it could also be 2,000. I can't really set a  
18 certain number.

19 Q. Fair to say it was a lot?

20 Withdrawn.

21 A. It was a lot based on the -- the audio recordings that  
22 constituted an element of crime within the investigation.

23 MR. LOCKARD: Your Honor, if I may approach?

24 THE COURT: Sure.

25 MR. LOCKARD: I'm handing the witness two discs that

HCC3ATI5

Korkmaz - Direct

1 have been marked for identification as Government's Exhibit 150  
2 and 200.

3 Q. Mr. Korkmaz, do you recognize those two discs?

4 A. Yes.

5 Q. What's contained on Government's Exhibit 150?

6 A. I couldn't remember the contents of 150 at this point. But  
7 when you had given them to me, I had compared it to the  
8 evidence that I had.

9 Q. It's been a lot of discs. Do you remember the contents of  
10 Government's Exhibit 200?

11 A. Yes.

12 Q. What is contained on Government's Exhibit 200?

13 A. It had audio recordings and transcripts.

14 Q. Were they audio recordings of telephone calls intercepted  
15 as part of the investigation that you had conducted?

16 A. Yes.

17 Q. Did you review the transcripts that had been provided to  
18 you relating to those calls?

19 A. That is right.

20 Q. Did those transcripts include both Turkish language  
21 transcription and English language translation?

22 A. That is correct.

23 Q. Did you compare the Turkish language transcription against  
24 the audio?

25 A. Yes.

HCC3ATI5

Korkmaz - Direct

1 Q. Were the transcriptions accurate?

2 A. Yes.

3 MR. LOCKARD: Your Honor, at this time we offer the  
4 contents of Government's Exhibit 200, as well as the  
5 corresponding exhibits 200-T, which consist of Government's  
6 Exhibit 201-A and -T through 274-A and -T, 276-A and -T through  
7 283-A and -T, 285-A and -T through 291-A and -T, 293-A and -T  
8 through 306-A and -T, 308-A and -T through 310-A and -T, 313-A  
9 and 313-T, 316-A and -T, 319-A and -T, 323-A and -T, 326-A and  
10 -T, 330 and 331-A and -T, 336-A and -T through 357-A and -T,  
11 and 359-A and -T through 368-A and -T, 371-A and -T through  
12 375-A and -T, 377-A and -T, 379 through 381-A and -T.

13 THE COURT: I had a question, counsel. Do I  
14 understand that there is a written transcript that corresponds  
15 with each audio recording?

16 THE WITNESS: That is correct for the content of the  
17 CD 200.

18 (Continued on next page)

HCCPAT16

Korkmaz - Direct

1 THE COURT: Of CD200.

2 MR. HARRISON: Judge, I'm going to ask to approach and  
3 maybe this would be a good time to take our afternoon break, if  
4 your Honor wants to do that.

5 THE COURT: Sure. We'll take five minutes.

6 (Jury not present)

7 (Continued on next page)

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HCCPAT16

Korkmaz - Direct

1 (At the side bar)

2 MR. HARRISON: First of all, Judge, I'm just going to  
3 need a minute to check those numbers and check the list unless  
4 the government, maybe they can give us a quick proffer of what  
5 those are. My biggest concern, obviously, Judge, and the  
6 defense's biggest concerns, is transcripts that don't have  
7 underlying audiotapes at all. I'm not sure, without checking  
8 the numbers, whether there any included in that.

9 MR. LOCKARD: There should not --

10 THE COURT: Wait. That was the question I thought I  
11 had asked because I had the same concern.

12 MR. HARRISON: I didn't understand that.

13 THE COURT: I asked if they were written transcripts  
14 that corresponded to each of the audio recordings.

15 MR. ROCCO: I think that is the question, and I think  
16 the answer is yes.

17 THE COURT: He said yes.

18 MR. ROCCO: But I think that doesn't capture -- the  
19 question doesn't capture whether there are transcripts that  
20 don't have corresponding recordings. So he has transcripts for  
21 each of the recordings, but there are, in addition to that,  
22 transcripts that don't have recordings.

23 MR. LOCKARD: Not in those exhibits.

24 MR. ROCCO: Okay.

25 THE COURT: There are not in those exhibits?

HCCPAT16

Korkmaz - Direct

1                   MR. LOCKARD: Correct. It should be a one-to-one  
2 match.

3                   MR. HARRISON: Just so I understand, everything in  
4 there has an audio and an English and Turkish translation?

5                   MR. LOCKARD: There should be a dash A and a dash T  
6 for each.

7                   MR. HARRISON: Okay.

8                   MS. FLEMING: And they are voice identified for those  
9 reasons.

10                  THE COURT: Okay. Thanks.

11                  MR. ROCCO: Thank you, Judge.

12                  (Continued on next page)

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HCCPAT16

Korkmaz - Direct

1 (In open court)

2 (Jury present)

3 THE COURT: Mr. Lockard, I think you can make clear  
4 the conversation we had at sidebar, the question as to whether  
5 there is a transcript for each audio.

6 MR. LOCKARD: Yes, your Honor.

7 THE COURT: Okay. Please be seated, everybody.

8 MR. LOCKARD: So I will again identify for the record  
9 the audio and transcripts for which there are both, and correct  
10 a couple of errors in the list that I previously recited.

11 So for the following government's exhibits, the  
12 government offers both the underlying audio and the --

13 THE COURT: Corresponding?

14 MR. LOCKARD: -- corresponding translated  
15 transcription, and those numbers are: Government's Exhibit 201  
16 through 269-A and -T, 273 and 274-A and -T, 276 through 279-A  
17 and -T, 288-A and -T, 291-A and -T, 293 through 295-A and -T,  
18 297 through 298-A and -T, 300 and 301-A and -T, 304 through  
19 306-A and -T, 308 and 309-A and -T, 316-A and -T, 326-A and -T,  
20 336 through 357-A and -T, 359-A and -T, and 380 and 381-A and  
21 -T.

22 Again, that is both the audio and the transcript for  
23 each of those government's exhibit numbers.

24 THE COURT: And you had moved them into evidence, did  
25 you not?

HCCPAT16

Korkmaz - Direct

1 MR. LOCKARD: Yes, we offer each of those now.

2 THE COURT: And, counsel, did you want to comment?

3 MR. HARRISON: Yes, Judge. I just wanted to make a  
4 record of our objections based on relevance, lack of  
5 foundation, chain of custody, authentication, hearsay, lack of  
6 personal knowledge, and the subject to connection and 403, your  
7 Honor.

8 THE COURT: Is authentication, did you add that or has  
9 that been in there before?

10 MR. HARRISON: That's been in there, Judge.

11 THE COURT: Okay. So I'm going to overrule the  
12 objection with the exception of subject to connection.

13 (Government's Exhibits 201 through 269-A and -T, 273  
14 and 274-A and -T, 276 through 279-A and -T, 288-A and -T, 291-A  
15 and -T, 293 through 295-A and -T, 297 through 298-A and -T, 300  
16 and 301-A and -T, 304 through 306-A and -T, 308 and 309-A and  
17 -T, 316-A and -T, 326-A and -T, 336 through 357-A and -T, 359-A  
18 and -T, and 380 and 381-A and -T received in evidence)

19 MR. LOCKARD: Your Honor, if I may approach the court  
20 reporter?

21 THE COURT: Yes.

22 BY MR. LOCKARD:

23 Q. Now, Mr. Korkmaz, the transcripts that you reviewed had  
24 cover pages; is that right?

25 A. That is correct.

HCCPAT16

Korkmaz - Direct

1 Q. And did those cover pages have identifying information?

2 A. That is correct.

3 Q. And including the phone numbers involved, the date, time  
4 and duration of the calls and the Turkish call identification  
5 number?

6 A. Yes.

7 Q. And did you compare that information against the evidence  
8 from your investigation to confirm its accuracy?

9 A. Yes.

10 Q. So if we could pull up Government's Exhibit 261-T, the  
11 first page, and just highlight the identifying information.

12 So, Mr. Korkmaz, how were you able to confirm the  
13 information listed here for the date, time and duration, call  
14 ID number and the telephone numbers?

15 A. On the documents there is information pertaining to the  
16 date, the time, duration and the conversation ID, as well as  
17 the phone numbers that are involved in the conversation. By  
18 using this information, I confirmed.

19 Q. And which documents are you referring to?

20 A. I'm referring to the transcripts that we referred to as  
21 tapes that are in the investigation file.

22 Q. And how is that information entered into the transcripts  
23 from your investigation?

24 A. The module that is used by TIB, known as KDM during these  
25 intercepts, would populate this information.

HCCPAT16

Korkmaz - Direct

1 Q. And just to help us understand a couple of the terms you  
2 used there, could you briefly describe what is TIB and what  
3 role it plays in law enforcement interception in Turkey?

4 A. TIB is an agency that is also called the telecommunications  
5 and communications directorate. This agency holds the  
6 responsibility for the auditing, controlling and organizing the  
7 intercept activities in Turkey.

8 Q. And you described the KDM module?

9 A. KDM stands for the legal intercept module, and this is the  
10 module that TIB uses to convey the intercepts to the police  
11 officer that is to surveil that recording, and it would also  
12 send the data along with the conversation.

13 Q. And when you say module, are you describing essentially a  
14 program or an interface?

15 A. That is correct. It's a web-based module. This is the  
16 module that is used through a secure connection on Polnet in  
17 order to get the information to the police officer.

18 Q. Okay. And so then just turning back to your original  
19 answer, do I understand that that interface, that module  
20 automatically populates the call identifying information into  
21 the transcripts?

22 A. That is correct. It would assign these automatically.

23 Q. Now, Mr. Korkmaz, during your testimony yesterday, you  
24 described the initial focus of your investigation as potential  
25 gold smuggling; is that right?

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Korkmaz - Direct

1 A. Yes.

2 Q. Was Mr. Zarrab involved in the gold business?

3 A. Yes.

4 Q. And what bank did he principally use for his gold business?

5 A. Halkbank.

6 Q. And yesterday you also testified that one of the benefits  
7 that you were investigating was being provided in exchange for  
8 bribes was related to using Iranian oil and gas proceeds as  
9 part of the gold trade; is that right?

10 THE INTERPRETER: Could you repeat that question?

11 Q. I think you testified yesterday that part of the bribery  
12 investigation related to the use of Iranian oil and gas  
13 proceeds as part of the gold trade; is that right?

14 MR. HARRISON: Objection.

15 A. Yes.

16 MR. HARRISON: I'm just going to object to the form of  
17 the question. I think it calls for speculation.

18 THE COURT: Overruled.

19 So the question was whether gold was traded for oil  
20 and gas, is that the gist of the question?

21 MR. LOCKARD: Just referring back to the witness'  
22 testimony yesterday that that was involved in the bribery  
23 investigation.

24 THE COURT: So before we get to that, so was the  
25 bribery investigation part of your original gold smuggling

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Korkmaz - Direct

1 investigation?

2 THE WITNESS: That is correct, your Honor.

3 THE COURT: So that was your original -- describe your  
4 original investigation. I may have missed it.

5 THE WITNESS: Your Honor, our investigation had  
6 started with gold smuggling, laundering of criminal proceeds,  
7 and committing these crimes as an organization, and later on,  
8 our investigation then included bribery and document forgery.  
9 All of these were part of an ongoing single investigation.

10 THE COURT: I guess my question is this. So did it  
11 start with gold smuggling, and did it later expand to these  
12 other topics or what?

13 THE WITNESS: That is correct, your Honor. That's how  
14 it was.

15 THE COURT: And, again, what did it start with?

16 THE WITNESS: Your Honor, when it started, it had  
17 included three crimes, one was gold smuggling, the other one  
18 was laundering of criminal proceeds, and the third one was  
19 committing these crimes as an organization.

20 THE COURT: Okay. And it later expanded to include,  
21 you said, what, bribery and forgery?

22 THE WITNESS: That is correct, your Honor.

23 THE COURT: Thank you.

24 BY MR. LOCKARD:

25 Q. So, Mr. Korkmaz, I'll ask if you could look --

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1                   MR. LOCKARD: Mr. Chang-Frieden, could you please pull  
2 up Government's Exhibit 102-T and -- sorry, 1002-T and 1002, to  
3 entries on 05.02.2013, beginning with the entry time stamped  
4 21:00:21.

5 Q. So, Mr. Korkmaz, before we turn to the specific  
6 communications here, do you recognize Government's  
7 Exhibit 1002, generally speaking?

8 A. That is correct.

9 Q. And how is it that you recognize Government's Exhibit 1002?

10 A. I just happened to remember it on the CD that you had given  
11 to me that's marked 150. It contained the Exhibits 1001, 1002,  
12 1003 and 1004.

13 Q. And what are those exhibits?

14 A. I saw that among these there were WhatsApp and Viber  
15 communications that were among the digital evidence.

16 Q. And where were those WhatsApp and Viber communications  
17 obtained from?

18 A. From the telephone of Reza Zarrab.

19 Q. And just one or two, really, clarifying questions. Looking  
20 at the date and the time format, what does the date 05.02.2013  
21 correspond to?

22 A. That would be February 5th, 2013.

23 Q. And how does the time zone reflected in the time stamp, how  
24 does that relate to the local time in Turkey?

25 A. Based on the season of the year, the difference would be

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1 two hours to three hours in times.

2 Q. And the time in Turkey would be two to three hours earlier  
3 than the time stamp shown in the document or later than the  
4 time?

5 A. It would be before; so it would be plus two or plus three,  
6 sir.

7 Q. Okay. So the local time in the first entry would be  
8 approximately 2300 hours?

9 A. It would be 11:00 p.m. or midnight, sir; that is correct.

10 Q. So turning to the communications shown in front of us, who  
11 sent these communications?

12 A. The sender is shown in the third box; so here it is  
13 understood as being Suleyman Aslan.

14 Q. And if we look at the middle entry, the one at 21:01:21,  
15 what did Mr. Aslan say in that text?

16 A. He marked it as No. 1. "The famous date of February 6th  
17 has arrived. Oil income cannot be used for the trade of  
18 valuable metals."

19 Q. And at this time, from your investigation, had you learned  
20 whether Mr. Zarrab was, in fact, using Iranian oil income for  
21 the trade of gold?

22 MR. HARRISON: Objection.

23 THE COURT: Overruled.

24 A. That is correct.

25 Q. And there's a reference to the famous date of February 6th.

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1 Do you have an understanding of what that's a reference to?

2 A. Yes.

3 Q. And what is --

4 MR. HARRISON: Sorry, objection, your Honor. Calls  
5 for speculation.

6 THE COURT: Overruled.

7 Q. And what is February 6th a reference to here?

8 A. I know the date of February 6th, 2013, as a date where some  
9 regulations in the sanctions had changed.

10 THE COURT: Some what?

11 THE INTERPRETER: Some regulations in the sanctions  
12 had been changed.

13 Q. And based on your investigation, did you learn whether  
14 Mr. Atilla was familiar with Mr. Zarrab's gold-trading  
15 business?

16 MR. HARRISON: Objection, your Honor. Calls for  
17 speculation.

18 THE COURT: Overruled. He asked if he learned; so I  
19 don't know how you could even argue speculation. You might hit  
20 one of the other ones on the list, but it's certainly not  
21 speculation. Go ahead.

22 A. Yes.

23 MR. LOCKARD: Mr. Chang-Frieden, could you please pull  
24 up Government's Exhibit 276-T.

25 Q. And, Mr. Korkmaz, can you tell us the participants in this

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Korkmaz - Direct

1 phone call?

2 A. Reza Zarrab and Abdullah Happani.

3 Q. And on what date was this phone call?

4 A. December 20th, 2012.

5 Q. And if we could turn to Page 6 of the transcript.

6 Mr. Korkmaz, do you see a discussion about a bank account for  
7 Duru Doviz?

8 A. That is correct.

9 Q. And what, if anything, does Mr. Happani tell to Mr. Zarrab  
10 about the Duru Doviz account?

11 A. He says that they were unable to open the Duru Doviz  
12 account yet.

13 Q. And if you could look in the middle of the page, what does  
14 Mr. Zarrab say about the Duru Doviz account?

15 A. He's saying that Sali Pazari branch is under Hakan Atilla  
16 and that he would talk to Hakan Atilla.

17 Q. And was Duru Doviz a company that was involved in  
18 Mr. Zarrab's gold business?

19 A. That is correct.

20 MR. LOCKARD: Mr. Chang-Frieden, if we could look at  
21 Government's Exhibit 229-T.

22 Q. Mr. Korkmaz, who is this phone call between?

23 A. It's between Reza Zarrab and Abdullah Happani.

24 Q. And what is the date that this call took place?

25 A. February 21st, 2013.

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1 Q. And if we could turn to the second page of the transcript.

2 Mr. Korkmaz, could you look at what it is that  
3 Mr. Zarrab first says in this phone call?

4 A. Yes.

5 Q. And what does Mr. Zarrab say?

6 A. He says: "I talked to Hakan. They are going to transfer  
7 soon. Also, call that Mr. -- Mr. Zihni and tell him that  
8 Mr. Reza had talked to Mr. Hakan, and that there was a problem,  
9 but it has been resolved. Have them follow up on that in ten  
10 minutes."

11 Q. And then what does Mr. Zarrab say about exports?

12 A. He is saying that the cargo method that was being used in  
13 the exports would be put on hold and that there would be a need  
14 to go back to the passenger method.

15 Q. And based on your participation in the investigation, did  
16 you learn what Mr. Zarrab is referring to here?

17 MR. HARRISON: Objection, your Honor.

18 THE COURT: Overruled.

19 A. I was unable to understand this part about Mr. Zihni, but I  
20 understood what this going back to the passenger method meant.

21 Q. And what did that mean?

22 A. The reason why they used the cargo system for a while in  
23 gold trade was because that was less costly, and sending  
24 couriers was more costly for the organization. To the best of  
25 my understanding, this is related to the exports being made to

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1 Iran via Dubai. More correctly, this is about the gold not  
2 entering Iran.

3 Q. And can you explain --

4 MR. HARRISON: Judge, I'm going to object and move to  
5 strike. I don't think they've laid a basis to ask this witness  
6 because he doesn't have personal knowledge of what he's  
7 testifying about. I mean, he's speculating and it's opinion.

8 THE COURT: Overruled.

9 Q. And, Mr. Korkmaz, just to be clear, on what kinds of  
10 evidence is your understanding are the cargo and passenger  
11 system -- on what kinds of evidence is that based?

12 A. It's based on the phone conversations that we had seen  
13 during that period, and is also understood from the documents  
14 that have been seized during the operation.

15 Q. And so can you explain what you mean about the difference  
16 between the passenger system and the cargo system and, in  
17 particular, what you mean about whether the cargo, in fact,  
18 went to Dubai -- I mean, in fact, went to Iran?

19 MR. HARRISON: Same objection.

20 THE COURT: Overruled. I don't think there's any  
21 basis for the objection.

22 A. There is no transit in the cargo system. So it would show  
23 that the goods were being sent to Dubai because there was no  
24 transit to Iran when you send via cargo.

25 But when you send via passengers, the courier can

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1 declare -- at the Turkish customs, he can declare that he was  
2 going to Iran, transit through Dubai and, yet, he could go to  
3 Dubai instead.

4 Q. I think you said that you learned through investigation  
5 that the passenger system is a more expensive way to transport  
6 cargo; is that right?

7 A. Yes, it was more costly.

8 Q. And what kind of cargo was Mr. Zarrab shipping to Dubai?

9 A. Gold.

10 Q. Now, if we could turn to Government's Exhibit 295-T.

11 Mr. Korkmaz, who are the participants in this telephone call?

12 A. Reza Zarrab and Mr. Hakan Atilla.

13 Q. And what is the date of this conversation?

14 A. April 10th, 2013.

15 Q. And if you look at the phone numbers, through your  
16 participation in the investigation, did you become familiar  
17 with the telephone numbers used by various individuals?

18 A. I had familiarity with numbers that were double numbers or  
19 similar numbers within the phone number. I had that  
20 familiarity.

21 Q. And do you --

22 THE COURT: Counsel, this might be a good time, it's  
23 4:45, for us to stop. Is there going to be several questions  
24 or --

25 MR. LOCKARD: I'm just going to ask him if he

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1 recognizes these two phone numbers, and then we can take a  
2 break.

3 THE COURT: Okay. Go ahead.

4 Q. So, Mr. Korkmaz, do you recognize the first number?

5 A. That is correct.

6 Q. And --

7 A. What I would remember would be the last four digits. So  
8 that it is not misunderstood, and what I said earlier, was also  
9 pertaining to the last four digits.

10 Q. And based on the last four digits, do you recognize whose  
11 phone number that was?

12 A. That is correct.

13 Q. And whose was it?

14 A. It was owned by Reza Zarrab.

15 Q. And for the second number, do you recognize the last four  
16 digits of that number?

17 A. That is correct.

18 Q. And whose phone number was that?

19 A. This was owned by Mr. Hakan Atilla.

20 MR. LOCKARD: All right. We can break there, your  
21 Honor.

22 THE COURT: Yes. So I'm going to excuse the witness  
23 and ask you to be back at 9:15 tomorrow, and then I'm going to  
24 excuse the jury as well and ask you the same thing, if you can  
25 be back at 9:15.

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1                   So with my normal instructions that you know by heart  
2 by now, and hopefully in the morning I'll have a schedule for  
3 you about where I think the case is headed, time-wise. Thanks  
4 a lot.

5                   (Jury not present)

6                   (Witness temporarily excused)

7                   THE COURT: So if we could spend a minute or two on  
8 the timeline of the case, and particularly, my e-mail to you  
9 this morning, where I thought you would be and will be  
10 tomorrow.

11                  MR. LOCKARD: So, I can address that from the  
12 government's perspective.

13                  MR. HARRISON: I'm sorry, I couldn't hear you when  
14 you're speaking, which is why I moved forward.

15                  THE COURT: I asked him to address the timeline of the  
16 case.

17                  MR. HARRISON: Okay.

18                  MR. LOCKARD: So, your Honor, we, of course, are  
19 mindful of the time line and also mindful of the Court's  
20 instructions this morning. I think we are, I think, not going  
21 to be in a position to rest by the end of the day tomorrow, but  
22 I think that we are likely to be in a position to rest by  
23 Friday.

24                  THE COURT: I don't think that's going to work.

25                  MR. LOCKARD: So I can just sort of lay out why it is

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1 and, of course --

2 THE COURT: Well, I mean, you know, we could make  
3 alterations too.

4 MR. LOCKARD: And we have been, your Honor. We have  
5 been. I think we have been, throughout the trial and  
6 especially this week, been working to streamline the remainder  
7 of the government's presentation, including today. We have  
8 taken additional steps to streamline that presentation.

9 We are exploring whether there are witnesses that we  
10 do not need to call, and I think there are one or two witnesses  
11 that we currently anticipate that we probably will not call in  
12 order to be able to rest sooner. There are a couple of issues  
13 with respect to the timeline that I'll just lay out for the  
14 Court.

15 THE COURT: Who are the witnesses that you do need to  
16 call?

17 MR. LOCKARD: I'm sorry, your Honor?

18 THE COURT: I say, who are the witnesses that you  
19 still need to call beyond the current witness?

20 MR. LOCKARD: So there are -- our biggest witness  
21 hurdle right now are custodial witnesses. We have been  
22 working, I think, very diligently and in good faith with  
23 defense counsel to reach custodial witness stipulations. There  
24 are a large number of custodial witnesses that we would have to  
25 call absent a stipulation.

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1           There are eight remaining banks who produced bank  
2 records that are part of the government's evidence. There are  
3 internet service providers who provided e-mails that are part  
4 of the government's evidence.

5           THE COURT: Yes, I get that. What's the problem with  
6 the stipulations?

7           MS. FLEMING: We stipulated to the FDIC custodian. I  
8 just signed it. We've earlier told them we stipulated to all  
9 the e-mail providers, and what we said is we wanted to put one  
10 or two of the bank custodians on to explain what these records  
11 were, but we would stipulate to the rest of them.

12          MR. ROCCO: And, your Honor --

13          THE COURT: Wait. Can we have one?

14          MR. ROCCO: I'm only going to amplify that I'm in the  
15 process of signing the stipulation on the Internet witnesses  
16 right now, Judge.

17          THE COURT: Okay. So there we have it.

18          MR. LOCKARD: Well, that's good. So --

19          THE COURT: So, no, I don't mean to put you on the  
20 spot. I guess you didn't realize where they were, but it  
21 strikes me that that is the kind of thing that stipulations are  
22 usually employed for. So maybe you could go off the record for  
23 a minute, and you can meet and confer, and I could get more  
24 timely -- not more timely, but a clearer update of what's left.

25          MR. LOCKARD: Sure. And just to help, just to spell

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1 out a couple of additional things, we, of course, will continue  
2 to work with defense counsel and will work to streamline the  
3 remaining case as much as possible. I think one of the reasons  
4 why we are behind where he had originally forecast we would be  
5 is because I think we did not forecast as much  
6 cross-examination as there has been, which of course is their  
7 right, and it's not a complaint. It's just to explain why it  
8 is our forecast --

9 THE COURT: And they will probably say they did not  
10 anticipate as much direct as there was.

11 MR. LOCKARD: They may say that.

12 THE COURT: That's not really -- I don't think that --  
13 well --

14 MR. LOCKARD: I think we were on pace to where we  
15 expected to be until this week, and this week has been  
16 significantly off of our forecast base.

17 THE COURT: Today is only Tuesday, I think, or is it  
18 Wednesday?

19 MR. LOCKARD: I guess in the last five or six days.

20 THE COURT: No. So let's go off the record. Why  
21 don't you talk to them further, and then we'll talk some more.

22 MR. LOCKARD: Yes, your Honor.

23 (Pause)

24 MS. FLEMING: Can we come up there?

25 THE COURT: Yes, sure.

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Korkmaz - Direct

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Korkmaz - Direct

1 (At the side bar)

2 MR. LOCKARD: Okay. So I'll start with the progress  
3 we've made. So I think that we are in a position where we're  
4 likely to be able to stipulate to the remaining purely  
5 custodial witnesses. We do anticipate calling one more bank  
6 witness, who we believe will be able to serve as both a brief  
7 sanctions compliance witness and custodial witness for the  
8 purposes that Ms. Fleming described wanting to be able to  
9 inquire about, and I think that that --

10 THE COURT: Honestly, I didn't understand the purpose  
11 of today's bank witness, the Deutsche Bank person, and I mean,  
12 I'm not suggesting that there's no rationale. I'm sure there's  
13 rationale, but what are two needed for now?

14 MR. LOCKARD: So there are -- as the Court knows,  
15 there are nine U.S. financial institutions that were involved  
16 in the U.S. portion of the financial transfers that we've been  
17 putting on evidence about. Nine certainly is completely  
18 unnecessary, but we've pared it down to two of them to explain  
19 to the jury in a very, we hope, concise and pithy way what they  
20 have in terms of sanctions compliance programs and how  
21 transactions like this can slip through those programs, and  
22 that's, in an extreme nutshell, the point of the testimony.

23 THE COURT: Did the guy from Deutsche Bank do that?

24 MR. LOCKARD: He did that. He also educated the jury  
25 about a lot of other details that were not necessary, but that

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1 is part of what he testified about. And I think the Citibank  
2 witness will be a more targeted version of that, I think less  
3 than I think 30 minutes.

4 MR. SOVOLOS: We're talking about 30 minutes.

5 MS. FLEMING: Of course, it's kind of interesting to  
6 bring in an American sanctions person to talk about what  
7 Halkbank has to do. That's why I think it's relevant.  
8 Deutsche Bank --

9 THE COURT: What's relevant?

10 MS. FLEMING: It's relevant to bring up, with all of  
11 their fancy sanctions things, that they've been sanctioned a  
12 whole bunch of times.

13 THE COURT: I know that part, but to me, that was  
14 totally off the rails. I mean, you can certainly make the  
15 point, and you have, but why do you need eight, nine or --

16 MR. ROCCO: We're not suggesting that, Judge.

17 THE COURT: Why do you need more than one?

18 MS. FLEMING: We thought they were a pure custodian.  
19 I didn't know that they had substantive testimony until he took  
20 the stand. I thought he was a pure custodian.

21 THE COURT: Okay. Why do we think there should be  
22 more custodians?

23 MS. FLEMING: The only reason we thought they should  
24 have two custodians is because some of the records are  
25 different, they look different.

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1                   THE COURT: So why can't you stipulate to that?

2                   MR. ROCCO: Well, your Honor, I think, candidly, I  
3 wanted to hear the testimony because I didn't quite understand  
4 the exhibits and the transactions. And the witness today,  
5 whether he was focused or not, I think did a good job  
6 explaining, at least to me and I think the jury, what the  
7 American end of this case is supposed to be.

8                   We took the position, and we still take the position,  
9 it's an entirely separate conspiracy. It's nothing to do with  
10 what happened to American banks.

11                  THE COURT: And you think that witness proved that?

12                  MR. ROCCO: Oh, no, I don't. I think that that's --

13                  THE COURT: I'm neutral as to the defense.

14                  MR. ROCCO: So --

15                  THE COURT: Whoa, whoa. But I'm not neutral as to  
16 wasting time.

17                  MR. ROCCO: I don't want to --

18                  THE COURT: I'm not being a wiseguy. I really didn't  
19 understand almost a word he said, the witness. What I did  
20 gather is that Deutsche Bank and, as others probably, have  
21 mostly computer programs designed to catch sanctioning  
22 missteps. That was my takeaway from his testimony.

23                  MS. FLEMING: As does Halkbank.

24                  THE COURT: Okay. But they don't have to call  
25 Halkbank.

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1 MS. FLEMING: Right, and --

2 THE COURT: No, no, wait, please. So I don't  
3 understand.

4 MR. ROCCO: I didn't call the witness, your Honor.  
5 The government did.

6 THE COURT: No, I get that. I still don't understand  
7 why another person has to say that. It couldn't be more  
8 obvious, for one thing, by the way. They either do or don't  
9 have a system, and this guy from Deutsche Bank has a system.  
10 So what?

11 MR. LOCKARD: And so the purpose of calling one other  
12 is just because there are nine. We didn't want the jury to  
13 feel like they had to rely on one bank witness to represent the  
14 entire financial community.

15 THE COURT: I'm missing that point. I don't know what  
16 that means. I mean, why are two standing in for nine and one  
17 doesn't stand for nine? I mean, tell me. If there's something  
18 different with this other witness, say it.

19 MR. LOCKARD: There's no magic to it. It's really  
20 just to have another bank witness, it's corroborative, and we  
21 view that as more than enough corroboration on that point. And  
22 that's why we thought two was sufficient and not more than  
23 necessary.

24 THE COURT: Without feeling pressure from me, but  
25 would you stipulate that, if called, another bank custodian

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1 would testify that they have the program or whatever --

2 MR. ROCCO: I would like to see that set of documents  
3 as well, Judge, and go through the same exercise. But we  
4 certainly can do it overnight. I mean, we certainly don't have  
5 to do it in front of the jury.

6 MS. FLEMING: What this witness did is, over lunch, is  
7 he walked us through the documents because we seriously did not  
8 understand them.

9 THE COURT: Well, I had no idea. That's not on the  
10 record or anything.

11 MS. FLEMING: Right. No. No.

12 MR. DRATEL: They just made him available.

13 MS. FLEMING: They made him available. He walked us  
14 through the documents. We had been trying to do it in court.

15 MR. ROCCO: We did it in 15 minutes.

16 THE COURT: Can you do that?

17 MR. ROCCO: We can do it tomorrow morning before court  
18 starts.

19 MS. FLEMING: Or at lunch or something.

20 MR. ROCCO: Or lunch makes more sense.

21 MR. DRATEL: Lunch makes more sense.

22 THE COURT: I'm not bullying anybody because the  
23 information that was useful to you, you're saying, wasn't even  
24 in the testimony.

25 MR. ROCCO: No.

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Korkmaz - Direct

1 MS. FLEMING: I thought it was.

2 MR. ROCCO: Well, the information was useful that he  
3 provided was useful in connecting -- in showing that these  
4 transactions were completely American based. And the  
5 government's theory here is that this is how the banks suffered  
6 their loss, this is how the bank -- U.S. banks were deceived  
7 into providing dollar transactions. Am I correct, Mr. Lockard?  
8 I mean, this is the American end.

9 MR. LOCKARD: That's a rough summary, yes.

10 MR. ROCCO: Well, we knew we weren't going to get that  
11 this was a fine summary.

12 THE COURT: Is that what you got from that witness,  
13 you think?

14 MR. LOCKARD: So I think what we established is that  
15 they said sanctions compliance is an issue of concern for the  
16 banks, that they have programs in place to try and catch  
17 violative conduct, and then there are ways that transactions  
18 can be designed to slip through those systems, and those are  
19 the three points that are ultimately --

20 THE COURT: Okay. All right. So that's it? One more  
21 witness to do that?

22 MR. LOCKARD: Yes, one more bank witness to do that,  
23 finishing up Mr. Korkmaz's direct, and however much time  
24 defense needs for the cross of Mr. Korkmaz, and we have cut the  
25 summary witness.

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Korkmaz - Direct

1 MS. FLEMING: You didn't cut him.

2 THE COURT: No, I just said that I never had one.

3 MR. ROCCO: Powers of persuasion.

4 THE COURT: Okay.

5 MR. LOCKARD: We thought the Court's advice was good  
6 advice. So there's one remaining proposed expert, who we have  
7 whittled down to about, I think, another half hour of direct  
8 testimony.

9 THE COURT: To say what?

10 MR. LOCKARD: We're evaluating whether or not to cut  
11 that person also.

12 THE COURT: So then you've really got nothing left, or  
13 not much left except the further direct of this witness. And  
14 how much time?

15 MR. LOCKARD: I think he's probably about another half  
16 day, and then we'll be done with his direct.

17 THE COURT: Oh, God. Why a half day?

18 MR. LOCKARD: Because he did introduce a whole lot of  
19 evidence today, and we're not certainly going to walk through  
20 all of it, but we wanted to walk through parts of it so that  
21 the jury doesn't hear it for the very first time in summation  
22 and have to make summations much longer to make up for the  
23 absence of fact testimony about it.

24 THE COURT: Well, it's hard to imagine that would take  
25 a half a day, honestly, you know.

HCCPAT16

Korkmaz - Direct

1                   MR. LOCKARD: It may be less. We've been working on  
2 cutting his direct as well.

3                   THE COURT: All right. So let's say that -- so do I  
4 understand correctly, then, there's likely to be one more bank  
5 custodian. Can you get one that is comprehensible? There's no  
6 point in bringing him --

7                   MR. LOCKARD: I think Mr. Perry is a little bit more  
8 plain spoken than Mr. Sloan.

9                   MR. ROCCO: I actually liked him.

10                  THE COURT: And you're going to endeavor to shorten up  
11 the further direct of this witness?

12                  MR. LOCKARD: He already has been shortened, and we'll  
13 see if we can shorten him more.

14                  THE COURT: So then that would be the end of the  
15 direct?

16                  MR. ROCCO: Right.

17                  THE COURT: So that could happen tomorrow.

18                  MR. LOCKARD: So we hope to have no further direct  
19 examination -- well, you know, the bank witness will have to go  
20 on when Mr. Korkmaz is done, but we expect the total amount of  
21 direct --

22                  THE COURT: You could bring him up?

23                  MS. FLEMING: You could interrupt, sure.

24                  THE COURT: You could interrupt and take him out of  
25 order.

HCCPAT16

Korkmaz - Direct

1                   MR. LOCKARD: I feel so bad for interrupting  
2 Mr. Korkmaz again, but if necessary, I think we could do  
3 something.

4                   THE COURT: I think he's game for that. I think he's  
5 game.

6                   MR. LOCKARD: Over the course of two days, he's been  
7 on for maybe two-and-a-half hours, but that's life.

8                   THE COURT: All right. No, I mean, everybody is being  
9 courteous to him and all. It's an important topic. I don't  
10 see that as a problem. I think if you could get that other  
11 witness in here, and then we have more control over our destiny  
12 here. It doesn't have to be in the morning. It could be in  
13 the afternoon.

14                  MR. SOVOLOS: I think we could get him in the  
15 afternoon.

16                  THE COURT: We could have it at 1:45 or something like  
17 that.

18                  MR. LOCKARD: He's traveling in from Washington.

19                  THE COURT: Whatever. So let's get him done tomorrow.

20                  MR. SOVOLOS: Have we settled the expert issue, Judge?

21                  MR. LOCKARD: I think we can consult internally. We  
22 take the Court's point.

23                  MS. FLEMING: And, Judge, we are going to file a  
24 mistrial motion tomorrow based on particularly this witness  
25 testimony.

HCCPAT16

Korkmaz - Direct

1           THE COURT: Okay. So you're going to file a written?

2           MS. FLEMING: Yes.

3           MR. ROCCO: Yes.

4           THE COURT: Okay. And then you have somebody -- we'll  
5 have to see it first. Okay, that's fine.

6           MS. FLEMING: United States v. Garcia.

7           MR. ROCCO: Right.

8           MS. FLEMING: It's a good case for you to start with.

9           MR. ROCCO: The question is, which Garcia?

10          THE COURT: I would say I've had a enough.

11          MR. ROCCO: Robert.

12          THE COURT: Okay. So we'll see you at 9:15.

13          MS. FLEMING: Thanks, Judge.

14          MR. ROCCO: All right. Have a nice evening.

15          MR. LOCKARD: Thank you, Judge.

16          (Continued on next page)

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HCCPAT16

Korkmaz - Direct

1 (In open court)

2 THE COURT: Is it Mr -- I don't want to  
3 mispronounce -- Canikligil, is that a correct pronunciation?

4 MR. CANIKLIGIL: Yes.

5 THE COURT: So I've arranged for you, if you are  
6 interested and available, to see the district executive  
7 tomorrow morning. He suggested 9:00. You go in this building  
8 on the eighth floor, and I told him the issues that we talked  
9 about, and he's the one that's in charge of that.

10 MR. CANIKLIGIL: Very good. Thank you.

11 THE COURT: All right. See everybody tomorrow. Oh,  
12 can I see counsel again for a minute.

13 (Continued on next page)

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HCC3ATI7

1 (At the sidebar)

2 THE COURT: The reference I just made, I was  
3 addressing one of the Turkish reporters who wrote a letter  
4 complaining that, notwithstanding there are 75 Turkish  
5 reporters in the courtroom, that they are having access issues.  
6 And you know, I thought we had actually -- by the way, in  
7 addition to them being in the main courtroom here, and  
8 virtually everybody there is a Turkish reporter, there is an  
9 overflow courtroom, and for the in-house media there is a media  
10 room, people like The New York Times, etc., who have been here  
11 for a long time, and they're able to watch in the convenience  
12 of the media, where, they have a little office here.

13 So, he was complaining that they're not allowed to  
14 bring phones, and they aren't. Nobody is supposed to except if  
15 you have a pass. And the outside press doesn't, not even NBC  
16 if they're not in the in-house press, so phones was an issue.  
17 Because he said that he's under pressure to tweet the case to  
18 Turkey. That's the way I understood it. But people are saying  
19 how come Ben Weiser is tweeting and you're not. Something like  
20 that. By the way, I don't think that is what Ben Weiser, for  
21 example, is doing.

22 But anyway, so, I spoke to the district executive who  
23 is Ed Friedland, to see if there is any way to provide further  
24 accommodations for the Turkish press, since he was speaking on  
25 behalf of them only, and Friedland mentioned that across the

HCC3ATI7

1       alley in 40 Foley, there is a room that is used -- you know  
2       where the cafeteria is over there. So instead of walking  
3       straight into the cafeteria, there is a media room, they could  
4       arrange to put a screen there and possibly internet access. So  
5       that is something that hasn't happened before, but that's why I  
6       said he should go and speak to him.

7           So that would enable someone to view the trial, write  
8       about the trial, and if you wanted to go outside and use your  
9       cell phone, you could go out, the door is very close to where  
10      the room is, and presumably, use your cell phone. So, I just  
11      wanted you to know.

12           Somebody said I think they talked to you. Did they,  
13      they have displayed in Turkey --

14           MR. ROCCO: A video of the post-arrest.

15           MR. HARRISON: We objected to YouTube.

16           MR. ROCCO: We objected to YouTube posting it. And  
17      displaying it.

18           THE COURT: They did.

19           MR. ROCCO: We learned about it only after YouTube had  
20      already had it.

21           THE COURT: I see.

22           MS. FLEMING: I think I mentioned it to the government  
23      and I believe they took it down as an exhibit. It had all his  
24      personal information on the post-arrest statement.

25           THE COURT: That's what I understood. So I would

HCC3ATI7

1 never have approved it. But I guess it happened.

2 MR. ROCCO: Mr. Atilla's wife is getting phone calls  
3 and that's what brought it to our attention. We had no idea  
4 that they had accessed it and YouTube had it and played it.

5 THE COURT: Okay. I thought he was suggesting that  
6 you said it was okay.

7 MS. FLEMING: No.

8 THE COURT: But you did not.

9 MS. FLEMING: No.

10 THE COURT: That's good to know. So now they're  
11 asking for the same for Zarrab, which I don't think is in  
12 evidence.

13 MS. FLEMING: That's right.

14 THE COURT: Either in the case. So, but I may ask you  
15 to comment on that. Do you feel that they should have that?

16 MR. LOCKARD: No. So I can explain my understanding  
17 of what happened with the post-arrest video for Mr. Atilla.

18 THE COURT: Let's do it at another time. I'll come  
19 back to you if I need a comment or if you want -- do you have a  
20 thought about that?

21 MR. ROCCO: No.

22 MS. FLEMING: We didn't think anything was  
23 intentional. We thought it was an inadvertent unfortunate  
24 problem.

25 THE COURT: In your opinion, it should not have

HCC3ATI7

1 happened.

2 MR. ROCCO: It absolutely should not have happened.

3 THE COURT: Just shorthand, are you for it or against  
4 it, so to speak?

5 MR. LOCKARD: So I'm not sure if we are talking about  
6 Mr. Atilla's or Mr. Zarrab's.

7 THE COURT: Well, Atilla's -- I would be against both  
8 as well. So okay. Good. All right. There you go.

9 MS. FLEMING: While we're off the record.

10 THE COURT: That was on record.

11 MS. FLEMING: While we're off.

12 (Discussion off the record)

13 (Adjourned until December 13, 2017, at 9:15 a.m.)

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## 12 GOVERNMENT EXHIBITS

13	Exhibit No.	Received
14	7020 . . . . .	1423
15	7006 . . . . .	1435
16	7009 . . . . .	1447
17	7015 . . . . .	1457
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21	901-930, 601-604, 606, 608, 609, 611-614 .	1569
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DEFENDANT EXHIBITS